

**Union Calendar No. 232**

103D CONGRESS  
2D SESSION

**H. R. 3191**

[Report No. 103-414]

**A BILL**

To revise the national flood insurance program to promote compliance with requirements for mandatory purchase of flood insurance, to provide assistance for mitigation activities designed to reduce damages to structures subject to flooding and shoreline erosion, and to increase the maximum coverage amounts under the program, and for other purposes.

JANUARY 26, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed.

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**IN THE HOUSE OF REPRESENTATIVES**

SEPTEMBER 30, 1993

Mr. KENNEDY (for himself and Mr. DEUTSCH) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

JANUARY 26, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on September 30, 1993]

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**A BILL**

To revise the national flood insurance program to promote compliance with requirements for mandatory purchase of flood insurance, to provide assistance for mitigation activities designed to reduce damages to structures subject to flooding and shoreline erosion, and to increase the maximum coverage amounts under the program, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4       (a) *SHORT TITLE.*—This Act may be cited as the “*National Flood Insurance Reform Act of 1994*”.

6       (b) *TABLE OF CONTENTS.*—

*Sec. 1. Short title and table of contents.*

*Sec. 2. Declaration of purpose under the National Flood Insurance Act of 1968.*

*TITLE I—DEFINITIONS*

*Sec. 101. Flood Disaster Protection Act of 1973.*

*Sec. 102. National Flood Insurance Act of 1968.*

*TITLE II—COMPLIANCE AND INCREASED PARTICIPATION*

*Sec. 201. Existing flood insurance purchase requirements.*

*Sec. 202. Expanded flood insurance purchase requirements.*

*Sec. 203. Escrow of flood insurance payments.*

*Sec. 204. Placement of flood insurance by lenders.*

*Sec. 205. Penalties for failure to require flood insurance or notify.*

*Sec. 206. Ongoing compliance with flood insurance purchase requirements.*

*Sec. 207. Fees for determining applicability of flood insurance purchase requirements.*

*Sec. 208. Notice requirements.*

*Sec. 209. Standard hazard determination forms.*

*Sec. 210. Examinations regarding compliance.*

*Sec. 211. Financial Institutions Examination Council.*

*Sec. 212. Clerical amendments.*

*TITLE III—RATINGS AND INCENTIVES FOR COMMUNITY  
FLOODPLAIN MANAGEMENT PROGRAMS*

*Sec. 301. Community rating system and incentives for community floodplain management.*

*Sec. 302. Funding.*

*TITLE IV—MITIGATION OF FLOOD AND EROSION RISKS*

*Sec. 401. Repeal of flooded property purchase and loan program.*

*Sec. 402. Termination of erosion-threatened structures program.*

*Sec. 403. Mitigation assistance responsibilities in Federal Insurance Administration.*

*Sec. 404. State and community mitigation assistance program.*

*Sec. 405. Establishment of National Flood and Erosion Mitigation Fund.*

*Sec. 406. Insurance premium mitigation surcharge and erosion hazard zone surcharge.*

*Sec. 407. Limitations on new flood insurance coverage in erosion hazard areas.*

*Sec. 408. Study of mitigation insurance.*

*Sec. 409. Riverine erosion study.*

*Sec. 410. Coordination with coastal zone management programs.*

*TITLE V—FLOOD INSURANCE TASK FORCE*

*Sec. 501. Flood Insurance Interagency Task Force.*

*TITLE VI—MISCELLANEOUS PROVISIONS*

*Sec. 601. Limitation on premium and surcharge increases.*

*Sec. 602. Maximum flood insurance coverage amounts.*

*Sec. 603. Flood insurance program arrangements with private insurance entities.*

*Sec. 604. Updating of flood maps and assessment and mapping of erosion hazard zones.*

*Sec. 605. Study of economic effects of charging actuarially-based premium rates for pre-FIRM structures.*

*Sec. 606. National Flood Insurance Fund.*

*Sec. 607. Effective dates of policies.*

*Sec. 608. Regulations.*

*Sec. 609. Relation to State and local laws.*

**1 SEC. 2. DECLARATION OF PURPOSE UNDER THE NATIONAL**  
**2 FLOOD INSURANCE ACT OF 1968.**

**3 Section 1302(e) of the National Flood Insurance Act**  
**4 of 1968 (42 U.S.C. 4001(e)) is amended—**

**5 (1) by redesignating clauses (3), (4), and (5), as**  
**6 clauses (4), (5), and (6), respectively; and**

**7 (2) by inserting after the comma at the end of**  
**8 clause (2) the following: “(3) encourage State and**  
**9 local governments to protect natural and beneficial**  
**10 floodplain functions that reduce flood-related losses.”.**

**11 TITLE I—DEFINITIONS**

**12 SEC. 101. FLOOD DISASTER PROTECTION ACT OF 1973.**

**13 (a) IN GENERAL.—Section 3(a) of the Flood Disaster**  
**14 Protection Act of 1973 (42 U.S.C. 4003(a)) is amended—**

**15 (1) by striking paragraph (5) and inserting the**  
**16 following new paragraph:**

1           “(5) ‘Federal entity for lending regulation’  
2       means the Board of Governors of the Federal Reserve  
3       System, the Federal Deposit Insurance Corporation,  
4       the Comptroller of the Currency, the Office of Thrift  
5       Supervision, and the National Credit Union Admin-  
6       istration, and with respect to a particular regulated  
7       lending institution means the entity primarily re-  
8       sponsible for the supervision, approval, or regulation  
9       of the institution;”;

10           (2) in paragraph (6), by striking the period at  
11       the end and inserting a semicolon; and

12           (3) by inserting after paragraph (6) the follow-  
13       ing new paragraphs:

14           “(7) ‘Federal agency lender’ means a Federal  
15       agency that makes direct loans secured by improved  
16       real estate or a mobile home, to the extent such agency  
17       acts in such capacity;

18           “(8) ‘lender’ includes any regulated lending in-  
19       stitution, other lending institution, and Federal agen-  
20       cy lender, but does not include any agency engaged  
21       primarily in the purchase of mortgage loans;

22           “(9) ‘other lending institution’ means any lend-  
23       ing institution that is not subject to the supervision,  
24       approval, regulation, or insuring of any Federal en-  
25       tity for lending regulation and that is not a Federal

1       agency lender, but does not include institutions en-  
2       gaged primarily in the purchase of mortgage loans;

3               “(10) ‘regulated lending institution’ means any  
4       bank, savings and loan association, credit union, or  
5       similar institution subject to the supervision, ap-  
6       proval, regulation, or insuring of a Federal entity for  
7       lending regulation; and

8               “(11) ‘servicer’ means the person responsible for  
9       receiving any scheduled periodic payments from a  
10      borrower pursuant to the terms of a loan, including  
11      amounts for taxes, insurance premiums, and other  
12      charges with respect to the property, and making the  
13      payments of principal and interest and such other  
14      payments with respect to the amounts received from  
15      the borrower as may be required pursuant to the  
16      terms of the loan.”.

17      (b) CONFORMING AMENDMENT.—Section 202(b) of the  
18      Flood Disaster Protection Act of 1973 (42 U.S.C. 4106(b))  
19      is amended by striking “Federal instrumentality described  
20      in such section shall by regulation require the institutions”  
21      and inserting “Federal entity for lending regulation (with  
22      respect to regulated lending institutions), the Secretary of  
23      Housing and Urban Development (with respect to other  
24      lending institutions), and the appropriate head of each Fed-  
25      eral agency lender, shall by regulation require the lenders”.

1 **SEC. 102. NATIONAL FLOOD INSURANCE ACT OF 1968.**

2 (a) *IN GENERAL.*—Section 1370(a) of the National  
3 Flood Insurance Act of 1968 (42 U.S.C. 4121(a)) is amend-  
4 ed—

5 (1) in paragraph (5), by striking “and” at the  
6 end;

7 (2) in paragraph (6), by striking the period at  
8 the end and inserting a semicolon; and

9 (3) by inserting after paragraph (6) the follow-  
10 ing new paragraphs:

11 “(7) the term ‘erosion hazard area’ means, based  
12 on erosion rate information and other historical data  
13 available, an area where erosion or avulsion is likely  
14 to result in damage to or loss of buildings and infra-  
15 structure within a 60-year period;

16 “(8) the term ‘readily movable structure’ means  
17 a small permanent structure of less than 5,000 square  
18 feet that is designed, sited, and built to accomplish re-  
19 location at a reasonable cost relative to other struc-  
20 tures of the same size and construction and that has  
21 access of sufficient width and acceptable grade to per-  
22 mit such relocation;

23 “(9) the term ‘coastal’ means relating to the  
24 coastlines and bays of the tidal waters of the United  
25 States or the shorelines of the Great Lakes, but does

1     *not refer to bayous, riverine areas, and riverine por-*  
2     *tions of estuaries;*

3             *“(10) the term ‘Federal agency lender’ means a*  
4     *Federal agency that makes direct loans secured by im-*  
5     *proved real estate or a mobile home, to the extent such*  
6     *agency acts in such capacity;*

7             *“(11) the term ‘Federal entity for lending regula-*  
8     *tion’ means the Board of Governors of the Federal Re-*  
9     *serve System, the Federal Deposit Insurance Corpora-*  
10    *tion, the Comptroller of the Currency, the Office of*  
11    *Thrift Supervision, and the National Credit Union*  
12    *Administration, and with respect to a particular reg-*  
13    *ulated lending institution means the entity primarily*  
14    *responsible for the supervision, approval, or regula-*  
15    *tion of the institution;*

16            *“(12) the term ‘lender’ includes any regulated*  
17    *lending institution, other lending institution, and*  
18    *Federal agency lender, but does not include any agen-*  
19    *cy engaged primarily in the purchase of mortgage*  
20    *loans;*

21            *“(13) the term ‘natural and beneficial floodplain*  
22    *functions’ means (A) the functions associated with the*  
23    *natural or relatively undisturbed floodplain that*  
24    *moderate flooding, retain flood waters, reduce erosion*  
25    *and sedimentation, and mitigate the effect of waves*



1       *and storm surge from storms, and (B) ancillary bene-*  
2       *ficial functions, including maintenance of water qual-*  
3       *ity, recharge of ground water, and provision of fish-*  
4       *eries and wildlife habitat;*

5               *“(14) the term ‘regulated lending institution’*  
6       *means a bank, savings and loan association, credit*  
7       *union, or similar institution subject to the super-*  
8       *vision, approval, regulation, or insuring of a Federal*  
9       *entity for lending regulation;*

10              *“(15) the term ‘other lending institution’ means*  
11       *any lending institution that is not subject to the su-*  
12       *pervision, approval, regulation, or insuring of any*  
13       *Federal entity for lending regulation and that is not*  
14       *a Federal agency lender, but does not include institu-*  
15       *tions engaged primarily in the purchase of mortgage*  
16       *loans; and*

17              *“(16) the term ‘servicer’ means the person re-*  
18       *sponsible for receiving any scheduled periodic pay-*  
19       *ments from a borrower pursuant to the terms of a*  
20       *loan, including amounts for taxes, insurance pre-*  
21       *miums, and other charges with respect to the prop-*  
22       *erty, and making the payments of principal and in-*  
23       *terest and such other payments with respect to the*  
24       *amounts received from the borrower as may be re-*  
25       *quired pursuant to the terms of the loan.”.*

1       (b) *CONFORMING AMENDMENT.*—Section 1322(d) of  
 2   the National Flood Insurance Act of 1968 (42 U.S.C.  
 3   4029(d)) is amended by striking “federally supervised, ap-  
 4   proved, regulated or insured financial institution” and in-  
 5   serting “regulated lending institution, other lending insti-  
 6   tution, or Federal agency lender”.

7       ***TITLE II—COMPLIANCE AND***  
 8       ***INCREASED PARTICIPATION***

9       ***SEC. 201. EXISTING FLOOD INSURANCE PURCHASE RE-***  
 10       ***QUIREMENTS.***

11       Section 102(a) of the Flood Disaster Protection Act of  
 12   1973 (42 U.S.C. 4012a(a)) is amended—

13           (1) by inserting after “(a)” the following: “*RE-*  
 14       *QUIREMENT FOR FEDERAL ASSISTANCE FOR ACQUISI-*  
 15       *TION OR CONSTRUCTION.*—”; and

16           (2) by adding at the end the following new sen-  
 17       tence: “This subsection may not be construed to per-  
 18       mit the provision of any amount of financial assist-  
 19       ance with respect to any building or mobile home and  
 20       related personal property for which flood insurance is  
 21       required under this subsection, unless the require-  
 22       ments under this subsection are complied with in full.  
 23       The prohibitions and requirements of this subsection  
 24       relating to financial assistance may not be waived for  
 25       any purpose.”.

1 **SEC. 202. EXPANDED FLOOD INSURANCE PURCHASE RE-**  
2 **QUIREMENTS.**

3 *Section 102(b) of the Flood Disaster Protection Act of*  
4 *1973 (42 U.S.C. 4012a(b)) is amended to read as follows:*

5 *“(b) REQUIREMENT FOR MORTGAGE LOANS.—*

6 *“(1) REGULATED LENDING INSTITUTIONS.—Each*  
7 *Federal entity for lending regulation (after consulta-*  
8 *tion and coordination with the Financial Institutions*  
9 *Examination Council established under the Federal*  
10 *Financial Institutions Examination Council Act of*  
11 *1974) shall by regulation direct regulated lending in-*  
12 *stitutions not to make, increase, extend, or renew,*  
13 *after the expiration of 60 days following the date of*  
14 *the enactment of this Act, any loan secured by im-*  
15 *proved real estate or a mobile home located or to be*  
16 *located in an area that has been identified by the Di-*  
17 *rector as an area having special flood hazards and in*  
18 *which flood insurance has been made available under*  
19 *the National Flood Insurance Act of 1968, unless the*  
20 *building or mobile home and any personal property*  
21 *securing such loan is covered for the term of the loan*  
22 *by flood insurance in an amount at least equal to the*  
23 *outstanding principal balance of the loan or the max-*  
24 *imum limit of coverage made available under the Act*  
25 *with respect to the particular type of property, which-*  
26 *ever is less.*

1           “(2) *OTHER LENDING INSTITUTIONS.*—*The Sec-*  
2           *retary of Housing and Urban Development (after con-*  
3           *sultation and coordination with the Financial Insti-*  
4           *tutions Examination Council) shall by regulation di-*  
5           *rect that—*

6                   “(A) *any other lending institution may not*  
7                   *make, increase, extend, or renew any loan se-*  
8                   *cured by improved real estate consisting of a 1-*  
9                   *to 4-family residence or a mobile home located or*  
10                  *to be located in an area that has been identified*  
11                  *by the Director of the Federal Emergency Man-*  
12                  *agement Agency as an area having special flood*  
13                  *hazards and in which flood insurance has been*  
14                  *made available under the National Flood Insur-*  
15                  *ance Act of 1968, unless the building or mobile*  
16                  *home and any personal property securing such*  
17                  *loan is covered for the term of the loan by flood*  
18                  *insurance in the amount provided in paragraph*  
19                  *(1); and*

20                  “(B) *any loan that is—*

21                          “(i) *secured by improved real estate or*  
22                          *a mobile home located in an area that has*  
23                          *been identified at the time of the origina-*  
24                          *tion of the loan by the Director of the Fed-*  
25                          *eral Emergency Management Agency, as an*

1           *area of special flood hazards and in which*  
2           *flood insurance is available under the Na-*  
3           *tional Flood Insurance Act of 1968, and*

4           *“(ii) purchased by the Government Na-*  
5           *tional Mortgage Association,*

6           *is covered for the term of the loan by flood insur-*  
7           *ance in the amount provided in paragraph (1).*

8           *“(3) FEDERAL AGENCY LENDERS.—A Federal*  
9           *agency lender may not make, increase, extend, or*  
10          *renew any loan secured by improved real estate or a*  
11          *mobile home located or to be located in an area that*  
12          *has been identified by the Director of the Federal*  
13          *Emergency Management Agency as an area having*  
14          *special flood hazards and in which flood insurance*  
15          *has been made available under the National Flood In-*  
16          *surance Act of 1968, unless the building or mobile*  
17          *home and any personal property securing such loan*  
18          *is covered for the term of the loan by flood insurance*  
19          *in the amount provided in paragraph (1). The rel-*  
20          *evant head of each Federal agency lender shall issue*  
21          *any regulations necessary to carry out this para-*  
22          *graph. Such regulations shall be consistent with and*  
23          *substantially identical to the regulations issued under*  
24          *paragraphs (1) and (2).*

1           “(4) *GOVERNMENT-SPONSORED ENTERPRISES*  
2           *FOR HOUSING.*—*The Federal National Mortgage Asso-*  
3           *ciation and the Federal Home Loan Mortgage Cor-*  
4           *poration shall implement procedures reasonably de-*  
5           *signed to ensure that any loan that is—*

6                     “(A) *secured by improved real estate or a*  
7                     *mobile home located in an area that has been*  
8                     *identified at the time of the origination of the*  
9                     *loan by the Director as an area of special flood*  
10                    *hazards and in which flood insurance is avail-*  
11                    *able under the National Flood Insurance Act of*  
12                    *1968, and*

13                   “(B) *purchased by either such entity,*  
14                   *is covered for the term of the loan by flood insurance*  
15                   *in the amount provided in paragraph (1).*

16           “(5) *CONTESTED DETERMINATIONS.*—*If a bor-*  
17           *rower under a loan disputes or challenges the deter-*  
18           *mination of the lender that the improved real estate*  
19           *or mobile home securing the loan is located in an*  
20           *area of special flood hazards, the lender shall review*  
21           *and consider any relevant information, as determined*  
22           *by the Director, submitted to the lender by the bor-*  
23           *rower.*

24           “(6) *APPLICABILITY.*—*Paragraphs (2) through*  
25           *(4) shall apply only with respect to any loan made,*

1     *increased, extended, or renewed after the expiration of*  
2     *the 1-year period beginning on the date of the enact-*  
3     *ment of the National Flood Insurance Reform Act of*  
4     *1994.”.*

5     **SEC. 203. ESCROW OF FLOOD INSURANCE PAYMENTS.**

6     *Section 102 of the Flood Disaster Protection Act of*  
7     *1973 (42 U.S.C. 4012a) is amended by adding at the end*  
8     *the following new subsection:*

9     “(d) *ESCROW OF FLOOD INSURANCE PAYMENTS.*—

10         “(1) *PRIVATE LENDERS.*—*For loans secured by*  
11     *residential real estate, each Federal entity for lending*  
12     *regulation (with respect to any loans of regulated*  
13     *lending institutions) and the Secretary of Housing*  
14     *and Urban Development (with respect to any loans of*  
15     *other lending institutions), after consultation and co-*  
16     *ordination with the Financial Institutions Examina-*  
17     *tion Council, shall by regulation require that, if a*  
18     *lender or other servicer of the loan requires the*  
19     *escrowing of taxes, insurance premiums, fees, or any*  
20     *other charges for a loan secured by residential real es-*  
21     *tate or a mobile home, then all premiums and fees for*  
22     *flood insurance under the National Flood Insurance*  
23     *Act of 1968 for the residential real estate or mobile*  
24     *home shall be paid to the lender or servicer of the*  
25     *loan. Premiums and fees paid to the lender or servicer*

1     *shall be paid in a manner sufficient to make pay-*  
2     *ments as due for the duration of the loan. Upon re-*  
3     *ceipt of the premiums, the lender or servicer of the*  
4     *loan shall deposit the premiums in an escrow account*  
5     *on behalf of the borrower. Upon receipt of a notice*  
6     *from the Director or the provider of the insurance*  
7     *that insurance premiums are due, the lender or*  
8     *servicer shall pay from the escrow account to the pro-*  
9     *vider of the insurance the amount of insurance pre-*  
10    *miums owed.*

11           “(2) *FEDERAL AGENCY LENDERS.*—*The appro-*  
12    *priate head of each Federal agency lender shall by*  
13    *regulation require and provide for escrow and pay-*  
14    *ment of any flood insurance premiums and fees relat-*  
15    *ing to residential property securing loans made by*  
16    *the Federal agency lender under the circumstances*  
17    *and in the manner provided under paragraph (1).*  
18    *Any regulations issued under this paragraph shall be*  
19    *consistent with and substantially identical to the reg-*  
20    *ulations issued under paragraph (1).*

21           “(3) *APPLICABILITY OF RESPA.*—*Escrow ac-*  
22    *counts established pursuant to this subsection shall be*  
23    *subject to the provisions of section 10 of the Real Es-*  
24    *tate Settlement Procedures Act of 1974.*



1           “(4) *APPLICABILITY.*—*This subsection shall*  
2           *apply only with respect to any loan made, increased,*  
3           *extended, or renewed after the expiration of the 1-year*  
4           *period beginning on the date of the enactment of the*  
5           *National Flood Insurance Reform Act of 1994.*”.

6   **SEC. 204. PLACEMENT OF FLOOD INSURANCE BY LENDERS.**

7           (a) *ACTIONS REQUIRED BY LENDER.*—*Section 102 of*  
8           *the Flood Disaster Protection Act of 1973 (42 U.S.C.*  
9           *4012a), as amended by the preceding provisions of this Act,*  
10          *is further amended by adding at the end the following new*  
11          *subsection:*

12          “(e) *PLACEMENT OF FLOOD INSURANCE BY LEND-*  
13          *ER.*—

14               “(1) *NOTIFICATION TO BORROWER OF LACK OF*  
15               *COVERAGE.*—*If, at any time during the term of a*  
16               *loan secured by improved real estate or by a mobile*  
17               *home located in an area that has been identified by*  
18               *the Director as an area having special flood hazards*  
19               *and in which flood insurance is available under the*  
20               *National Flood Insurance Act of 1968, the lender or*  
21               *servicer for the loan determines that the building or*  
22               *mobile home and any personal property securing the*  
23               *loan is covered by flood insurance in an amount less*  
24               *than the amount required for the property pursuant*  
25               *to subsection (b), the lender or servicer shall notify the*

1     *borrower under the loan that the borrower should ob-*  
2     *tain, at the borrower's expense, an amount of flood*  
3     *insurance for the property that is not less than the*  
4     *amount under subsection (b)(1), for the term of the*  
5     *loan.*

6             “(2) *PURCHASE OF COVERAGE ON BEHALF OF*  
7     *BORROWER.—If the borrower fails to purchase such*  
8     *flood insurance within 60 days after such notifica-*  
9     *tion, the lender or servicer for the loan shall purchase*  
10    *the insurance on behalf of the borrower and may*  
11    *charge the borrower for the cost of premiums and fees*  
12    *incurred by the lender or servicer for the loan in pur-*  
13    *chasing the insurance.*

14            “(3) *REVIEW OF DETERMINATION REGARDING*  
15    *REQUIRED PURCHASE.—*

16            “(A) *IN GENERAL.—A borrower may re-*  
17    *quest that the Director review a determination*  
18    *that the improved real estate or mobile home se-*  
19    *curing the loan is located in an area of special*  
20    *flood hazards. Not later than 45 days after the*  
21    *Director receives the request, the Director shall*  
22    *review the determination and provide the bor-*  
23    *rower with a letter stating whether or not the*  
24    *property is in a special flood hazards area. The*  
25    *determination of the Director shall be final.*

1           “(B) *EFFECT OF DETERMINATION.*—Any  
 2           *person to whom a borrower provides a letter is-*  
 3           *sued by the Director pursuant to subparagraph*  
 4           *(A), stating that the property of the borrower is*  
 5           *not in an area of special flood hazards, shall*  
 6           *have no obligation under this title to require the*  
 7           *purchase of flood insurance on the property dur-*  
 8           *ing the 1-year period beginning upon the date*  
 9           *that such letter is provided.*

10           “(4) *APPLICABILITY.*—This subsection shall  
 11           *apply to all loans outstanding on or after the date of*  
 12           *enactment of the National Flood Insurance Reform*  
 13           *Act of 1994.”.*

14   **SEC. 205. PENALTIES FOR FAILURE TO REQUIRE FLOOD IN-**  
 15           **SURANCE OR NOTIFY.**

16           *Section 102 of the Flood Disaster Protection Act of*  
 17           *1973 (42 U.S.C. 4012a), as amended by the preceding pro-*  
 18           *visions of this Act, is further amended by adding at the*  
 19           *end the following new subsections:*

20           “(f) *CIVIL MONETARY PENALTIES FOR FAILURE TO*  
 21           *REQUIRE FLOOD INSURANCE OR NOTIFY.*—

22           “(1) *CIVIL MONETARY PENALTIES AGAINST LEND-*  
 23           *ERS.*—Any regulated or other lending institution that  
 24           *is found to have a pattern or practice of committing*  
 25           *violations under paragraph (2) shall be assessed a*

1     *civil penalty by the appropriate Federal entity for*  
2     *lending regulation (with respect to regulated lending*  
3     *institutions) or the Secretary of Housing and Urban*  
4     *Development (with respect to other lending institu-*  
5     *tions) in the amount provided under paragraph (5).*

6             “(2) *LENDER VIOLATIONS.*—*The violations re-*  
7     *ferred to in paragraph (1) shall be—*

8                 “(A) *making, increasing, extending, or re-*  
9     *newing loans in violation of—*

10                     “(i) *the regulations issued pursuant to*  
11     *subsection (b) of this section;*

12                     “(ii) *the escrow requirements under*  
13     *subsection (d) of this section; or*

14                     “(iii) *the notice requirements under*  
15     *section 1364 of the National Flood Insur-*  
16     *ance Act of 1968; or*

17                 “(B) *failure to provide notice or purchase*  
18     *flood insurance coverage in violation of sub-*  
19     *section (e) of this section.*

20             “(3) *CIVIL MONETARY PENALTIES AGAINST*  
21     *GSE’S.*—*If the Federal National Mortgage Association*  
22     *or the Federal Home Loan Mortgage Corporation is*  
23     *found by the Director of the Office of Federal Housing*  
24     *Enterprise Oversight of the Department of Housing*  
25     *and Urban Development to have a pattern or practice*

1     *of purchasing loans in violation of the procedures es-*  
2     *tablished pursuant to subsection (b)(4) of this section,*  
3     *the Director of such Office shall assess a civil penalty*  
4     *against such enterprise in the amount provided under*  
5     *paragraph (5) of this subsection. For purposes of this*  
6     *subsection, the term ‘enterprise’ means the Federal*  
7     *National Mortgage Association or the Federal Home*  
8     *Loan Mortgage Corporation.*

9             “(4) NOTICE AND HEARING.—A penalty under  
10     *this subsection may be issued only after notice and an*  
11     *opportunity for a hearing on the record.*

12             “(5) AMOUNT.—A civil monetary penalty under  
13     *this subsection may not exceed \$350 for each violation*  
14     *under paragraph (2) or paragraph (3). The total*  
15     *amount of penalties assessed under this subsection*  
16     *against any single regulated lending institution, other*  
17     *lending institution, or enterprise for any calendar*  
18     *year may not exceed \$100,000.*

19             “(6) LENDER COMPLIANCE.—Notwithstanding  
20     *any State or local law, for purposes of this subsection,*  
21     *any lender that purchases flood insurance or renews*  
22     *a contract for flood insurance on behalf of or as an*  
23     *agent of a borrower of a loan for which flood insur-*  
24     *ance is required shall be considered to have complied*  
25     *with the regulations issued under subsection (b).*

1           “(7) *EFFECT OF TRANSFER ON LIABILITY.*—Any  
2           *sale or other transfer of a loan by a lender who has*  
3           *committed a violation under paragraph (1), that oc-*  
4           *curs subsequent to the violation, shall not affect the li-*  
5           *ability of the transferring lender with respect to any*  
6           *penalty under this subsection. A lender shall not be*  
7           *liable for any violations relating to a loan committed*  
8           *by another lender who previously held the loan.*

9           “(8) *DEPOSIT OF PENALTIES.*—Any penalties  
10          *collected under this subsection shall be paid into the*  
11          *National Flood and Erosion Mitigation Fund under*  
12          *section 1367 of the National Flood Insurance Act of*  
13          *1968.*

14          “(9) *ADDITIONAL PENALTIES.*—Any penalty  
15          *under this subsection shall be in addition to any civil*  
16          *remedy or criminal penalty otherwise available.*

17          “(10) *STATUTE OF LIMITATIONS.*—No penalty  
18          *may be imposed under this subsection after the expi-*  
19          *ration of the 5-year period beginning on the date of*  
20          *the occurrence of the violation for which the penalty*  
21          *is authorized under this subsection.*

22          “(g) *OTHER ACTIONS TO REMEDY PATTERN OF NON-*  
23          *COMPLIANCE.*—

24          “(1) *AUTHORITY OF FEDERAL ENTITIES FOR*  
25          *LENDING REGULATION.*—The head of the applicable

1     *Federal entity for lending regulation may require a*  
2     *regulated lending institution to take such remedial*  
3     *actions as are necessary to ensure that the regulated*  
4     *lending institution complies with the requirements of*  
5     *the national flood insurance program if the Federal*  
6     *agency for lending regulation makes a determination*  
7     *under paragraph (3) regarding the regulated lending*  
8     *institution.*

9             “(2) *AUTHORITY OF SECRETARY OF HUD.—The*  
10    *Secretary of Housing and Urban Development may*  
11    *require another lending institution to take such reme-*  
12    *dial actions as are necessary to ensure that the other*  
13    *lending institution complies with the requirements of*  
14    *the national flood insurance program if such Sec-*  
15    *retary makes a determination under paragraph (3)*  
16    *regarding the other lending institution.*

17            “(3) *DETERMINATION OF VIOLATIONS.—A deter-*  
18    *mination under this paragraph shall be a finding*  
19    *that—*

20                “(A) *the regulated lending institution or*  
21    *other lending institution, as the case may be, has*  
22    *engaged in a pattern and practice of noncompli-*  
23    *ance in violation of the regulations issued pursu-*  
24    *ant to subsection (b), (d), or (e) of this section*

1           or the notice requirements under section 1364 of  
 2           the National Flood Insurance Act of 1968; and  
 3           “(B) the regulated lending institution or  
 4           other lending institution, as the case may be, has  
 5           not demonstrated measurable improvement in  
 6           compliance despite the assessment of civil mone-  
 7           etary penalties under subsection (f).”.

8   **SEC. 206. ONGOING COMPLIANCE WITH FLOOD INSURANCE**  
 9           **PURCHASE REQUIREMENTS.**

10       Section 102 of the Flood Disaster Protection Act of  
 11       1973 (42 U.S.C. 4012a), as amended by the preceding pro-  
 12       visions of this Act, is further amended by adding at the  
 13       end the following new subsection:

14       “(h) NOTIFICATION OF FLOOD HAZARDS TO LOAN  
 15       TRANSFeree.—

16           “(1) IN GENERAL.—Except as provided in para-  
 17       graphs (2) through (5), before the sale or transfer of  
 18       any loan secured by improved real estate or a mobile  
 19       home, the seller or transferor of the loan shall deter-  
 20       mine whether the property is in an area that has been  
 21       designated by the Director as an area having special  
 22       flood hazards. The seller or transferor shall, before sale  
 23       or transfer, notify the purchaser or transferee and  
 24       any servicer of the loan in writing regarding the re-  
 25       sults of the determination. A determination under



1     *this paragraph shall be evidenced using the standard*  
2     *hazard determination form under section 1365 of the*  
3     *National Flood Insurance Act of 1968.*

4             “(2) *EXCEPTIONS.—For any loan secured by im-*  
5     *proved real estate or a mobile home, a determination*  
6     *and notice under paragraph (1) shall not be required*  
7     *if, during the 5-year period ending on the date of the*  
8     *sale or transfer of the loan—*

9             “(A) *a determination and notice under*  
10     *paragraph (1) has been made for the property se-*  
11     *cured by the loan; or*

12             “(B)(i) *the loan has been made, increased,*  
13     *extended, or renewed; and*

14             “(ii) *the lender making, increasing, extend-*  
15     *ing, or renewing the loan was subject, at the*  
16     *time of such transaction, to regulations issued*  
17     *pursuant to paragraph (1), (2), or (3) of sub-*  
18     *section (b).*

19             “(3) *LOANS TRANSFERRED BY FDIC.—*

20             “(A) *IN GENERAL.—Except as provided in*  
21     *subparagraph (B), for any loan secured by im-*  
22     *proved real estate or a mobile home that is sold*  
23     *or transferred by the Federal Deposit Insurance*  
24     *Corporation acting in its corporate capacity or*  
25     *in its capacity as conservator or receiver, the*

1        *purchaser or transferee of the loan shall deter-*  
2        *mine whether the property is in an area that has*  
3        *been designated by the Director as an area hav-*  
4        *ing special flood hazards.*

5                *“(B) EXCEPTIONS.—Such determination*  
6        *and notice shall not be required for any loan—*

7                *“(i) sold or transferred to an entity*  
8                *under the control of the Federal Deposit In-*  
9                *surance Corporation; or*

10               *“(ii) for which the purchaser or trans-*  
11               *feree exercises any available option to trans-*  
12               *fer or put the loan back to the Federal De-*  
13               *posit Insurance Corporation.*

14               *“(C) NOTICE TO DIRECTOR.—A purchaser*  
15        *or transferee of a loan required to make a deter-*  
16        *mination and notification under subparagraph*  
17        *(A) shall notify the Director and any servicer of*  
18        *the loan of the results of the determination*  
19        *(using the standard hazard determination form*  
20        *under section 1365 of the National Flood Insur-*  
21        *ance Act of 1968) before the expiration of the 90-*  
22        *day period beginning on the later of (i) the pur-*  
23        *chase or transfer of the loan, or (ii) the expira-*  
24        *tion of any option that the purchaser or trans-*

1        *feree may have to transfer or put the loan back*  
2        *to the Federal Deposit Insurance Corporation.*

3        *“(4) LOANS TRANSFERRED BY RTC.—*

4                *“(A) IN GENERAL.—For any loan secured*  
5        *by improved real estate or a mobile home that is*  
6        *sold or transferred by the Resolution Trust Cor-*  
7        *poration acting in its corporate capacity or in*  
8        *its capacity as a conservator or receiver, the pur-*  
9        *chaser or transferee of the loan shall determine*  
10       *whether the property is in an area that has been*  
11       *designated by the Director as an area having*  
12       *special flood hazards if—*

13               *“(i) the Resolution Trust Corporation*  
14       *acquires the loan after the date of the effec-*  
15       *tiveness of this subsection and sells or trans-*  
16       *fers the loan before the expiration of the 12-*  
17       *month period beginning on such effective*  
18       *date; or*

19               *“(ii) the Corporation holds the loan on*  
20       *the date of the effectiveness of this subsection*  
21       *and sells or transfers the loan before the ex-*  
22       *piration of the 6-month period beginning on*  
23       *such effective date.*

24               *“(B) NOTICE TO DIRECTOR.—A purchaser*  
25       *or transferee of a loan required to make a deter-*

1        *mination and notification under subparagraph*  
2        *(A) shall notify the Director and any servicer of*  
3        *the loan of the results of the determination*  
4        *(using the standard hazard determination form*  
5        *under section 1365 of the National Flood Insur-*  
6        *ance Act of 1968) before the expiration of the 90-*  
7        *day period beginning upon the purchase or*  
8        *transfer of the loan.*

9        *“(5) LOANS TRANSFERRED BY NCUA.—*

10        *“(A) IN GENERAL.—Except as provided in*  
11        *subparagraph (C), for any loan secured by im-*  
12        *proved real estate or a mobile home that is sold*  
13        *or transferred by the National Credit Union Ad-*  
14        *ministration acting in its corporate capacity or*  
15        *in its capacity as a conservator or liquidating*  
16        *agent, the purchaser or transferee of the loan*  
17        *shall determine whether the property is in an*  
18        *area that has been designated by the Director as*  
19        *an area having special flood hazards.*

20        *“(B) NOTICE TO DIRECTOR.—A purchaser*  
21        *or transferee of a loan required to make a deter-*  
22        *mination and notification under subparagraph*  
23        *(A) shall notify the Director and any servicer of*  
24        *the loan of the results of the determination*  
25        *(using the standard hazard determination form*

1        *under section 1365 of the National Flood Insur-*  
 2        *ance Act of 1968) before the expiration of the 90-*  
 3        *day period beginning upon the purchase or*  
 4        *transfer of the loan.*

5                *“(C) EXCEPTION.—Such determination and*  
 6        *notice shall not be required for any loan sold or*  
 7        *transferred to an entity under the control of the*  
 8        *National Credit Union Administration.*

9                *“(6) APPLICABILITY.—This subsection shall*  
 10        *apply only with respect to any loan outstanding or*  
 11        *entered into after the expiration of the 1-year period*  
 12        *beginning on the date of the enactment of the Na-*  
 13        *tional Flood Insurance Reform Act of 1994.”.*

14    **SEC. 207. FEES FOR DETERMINING APPLICABILITY OF**  
 15                **FLOOD INSURANCE PURCHASE REQUIRE-**  
 16                **MENTS.**

17        *Section 102 of the Flood Disaster Protection Act of*  
 18        *1973 (42 U.S.C. 4012a) as amended by the preceding provi-*  
 19        *sions of this Act, is further amended by adding at the end*  
 20        *the following new subsection:*

21                *“(i) FEE FOR DETERMINING LOCATION.—Notwith-*  
 22        *standing any other Federal or State law, any lender for*  
 23        *a loan described in paragraph (1), (2), or (3) of subsection*  
 24        *(b) may charge a reasonable fee (as determined by the Di-*  
 25        *rector) for the costs of determining whether the property se-*

1 curing the loan is located in an area of special flood haz-  
 2 ards, but only in accordance with the following require-  
 3 ments:

4 “(1) *BORROWER FEE.*—The borrower under such  
 5 a loan may be charged the fee, but only if the deter-  
 6 mination is made pursuant to—

7 “(A) the making, increasing, extending, or  
 8 renewing of the loan that is initiated by the bor-  
 9 rower; or

10 “(B) a revision or updating under section  
 11 1360(f) of the floodplain areas and flood-risk  
 12 zones or publication of a notice or compendia  
 13 under subsection (h) or (i) of section 1360 that  
 14 affects the area in which the property securing  
 15 the loan is located or that, in the determination  
 16 of the Director, may reasonably be considered to  
 17 require a determination under this subsection.

18 “(2) *PURCHASER OR TRANSFEREE FEE.*—The  
 19 purchaser or transferee of such a loan may be charged  
 20 the fee in the case of sale or transfer of the loan.”

21 **SEC. 208. NOTICE REQUIREMENTS.**

22 Section 1364 of the National Flood Insurance Act of  
 23 1968 (42 U.S.C. 4104a) is amended to read as follows:

24 “NOTICE REQUIREMENTS

25 “SEC. 1364. (a) *NOTIFICATION OF SPECIAL FLOOD*  
 26 *HAZARDS.*—

1           “(1) *REGULATED LENDING INSTITUTIONS.*—Each  
2       *Federal entity for lending regulation, after consulta-*  
3       *tion and coordination with the Financial Institutions*  
4       *Examination Council, shall by regulation require reg-*  
5       *ulated lending institutions, as a condition of making,*  
6       *increasing, extending, or renewing any loan secured*  
7       *by improved real estate or a mobile home located or*  
8       *to be located in an area that has been identified by*  
9       *the Director under this title or the Flood Disaster*  
10      *Protection Act of 1973 as an area having special flood*  
11      *hazards, to notify the purchaser or lessee (or obtain*  
12      *satisfactory assurances that the seller or lessor has no-*  
13      *tified the purchaser or lessee) and the servicer of the*  
14      *loan of such special flood hazards, in writing, a rea-*  
15      *sonable period in advance of the signing of the pur-*  
16      *chase agreement, lease, or other documents involved in*  
17      *the transaction. The regulations shall also require*  
18      *that the lenders retain a record of the receipt of the*  
19      *notices by the purchaser or lessee and the servicer.*

20           “(2) *OTHER LENDING INSTITUTIONS.*—The Sec-  
21      *retary of Housing and Urban Development shall by*  
22      *regulation require notification in the manner pro-*  
23      *vided under paragraph (1) with respect to any loan*  
24      *made by another lending institution and secured by*  
25      *improved real estate consisting of a 1- to 4-family*

1        *residence or a mobile home located or to be located in*  
2        *an area that has been identified by the Director under*  
3        *this title or the Flood Disaster Protection Act of 1973*  
4        *as an area having special flood hazards. Any regula-*  
5        *tions issued under this paragraph shall be consistent*  
6        *with and substantially identical to the regulations is-*  
7        *ssued under paragraph (1) (except to the extent nec-*  
8        *essary to provide for differences between the types of*  
9        *loans for which notice is required under this para-*  
10       *graph and the types for which notice is required*  
11       *under paragraph (1)).*

12            *“(3) FEDERAL AGENCY LENDERS.—The appro-*  
13        *priate head of each Federal agency lender shall by*  
14        *regulation require notification in the manner pro-*  
15        *vided under paragraph (1) with respect to any loan*  
16        *that is made by the Federal agency lender and se-*  
17        *cured by improved real estate or a mobile home lo-*  
18        *cated or to be located in an area that has been identi-*  
19        *fied by the Director under this title or the Flood Dis-*  
20        *aster Protection Act of 1973 as an area having spe-*  
21        *cial flood hazards. Any regulations issued under this*  
22        *paragraph shall be consistent with and substantially*  
23        *identical to the regulations issued under paragraph*  
24        *(1).*



1           “(4) *CONTENTS OF NOTICE.*—Written notifica-  
2           tion required under this subsection shall include—

3                   “(A) a warning, in a form to be established  
4                   in consultation with and subject to the approval  
5                   of the Director, stating that the real estate or  
6                   mobile home securing the loan is located or is to  
7                   be located in an area having special flood haz-  
8                   ards;

9                   “(B) a description of the flood insurance  
10                  purchase requirements under section 102(b) of  
11                  the Flood Disaster Protection Act of 1973;

12                  “(C) a statement that flood insurance cov-  
13                  erage may be purchased under the national flood  
14                  insurance program and is also available from  
15                  private insurers; and

16                  “(D) any other information that the Direc-  
17                  tor considers necessary to carry out the purposes  
18                  of the national flood insurance program.

19           “(b) *NOTIFICATION OF CHANGE OF SERVICER.*—

20                   “(1) *LENDING INSTITUTIONS.*—Each Federal en-  
21                   tity for lending regulation (with respect to regulated  
22                   lending institutions) and the Secretary of Housing  
23                   and Urban Development (with respect to other lend-  
24                   ing institutions), after consultation and coordination  
25                   with the Financial Institutions Examination Council,

1     *shall by regulation require such institutions, as a con-*  
2     *dition of making, increasing, extending, renewing,*  
3     *selling, or transferring any loan described in sub-*  
4     *section (a)(1), to notify the Director (or the designee*  
5     *of the Director) in writing during the term of the*  
6     *loan of the servicer of the loan. Such institutions shall*  
7     *also notify the Director (or such designee) of any*  
8     *change in the servicer of the loan, not later than 60*  
9     *days after the effective date of such change. The regu-*  
10    *lations under this subsection shall provide that upon*  
11    *any change in the servicing of a loan, the duty to*  
12    *provide notification under this subsection shall trans-*  
13    *fer to the transferee servicer of the loan.*

14         “(2) *FEDERAL AGENCY LENDERS.*—*The appro-*  
15    *prate head of each Federal agency lender shall by*  
16    *regulation provide for notification in the manner pro-*  
17    *vided under paragraph (1) with respect to any loan*  
18    *described in subsection (a)(1) that is made by the*  
19    *Federal agency lender. Any regulations issued under*  
20    *this paragraph shall be consistent with and substan-*  
21    *tially identical to the regulations issued under para-*  
22    *graph (1) of this subsection.*

23         “(c) *NOTIFICATION OF EXPIRATION OF INSURANCE.*—  
24    *The Director (or the designee of the Director) shall, not less*  
25    *than 45 days before the expiration of any contract for flood*

1 *insurance under this title, issue notice of such expiration*  
 2 *by first class mail to the owner of the property, the servicer*  
 3 *of any loan secured by the property covered by the contract,*  
 4 *and the owner of the loan.”.*

5 ***SEC. 209. STANDARD HAZARD DETERMINATION FORMS.***

6 *Chapter III of the National Flood Insurance Act of*  
 7 *1968 (42 U.S.C. 4101 et seq.) is amended by adding at the*  
 8 *end the following new section:*

9 *“STANDARD HAZARD DETERMINATION FORMS*

10 *“SEC. 1365. (a) DEVELOPMENT.—The Director, in*  
 11 *consultation with representatives of the mortgage and lend-*  
 12 *ing industry, the Federal entities for lending regulation, the*  
 13 *Federal agency lenders, and any other appropriate individ-*  
 14 *uals, shall develop standard written and electronic forms*  
 15 *for determining the flood hazard exposure of a property for*  
 16 *use in connection with loans secured by improved real estate*  
 17 *or a mobile home. The written and electronic forms shall*  
 18 *be established by regulations issued not later than 270 days*  
 19 *after the date of the enactment of the National Flood Insur-*  
 20 *ance Reform Act of 1994.*

21 *“(b) DESIGN AND CONTENTS.—*

22 *“(1) PURPOSE.—The form under subsection (a)*  
 23 *shall be designed to facilitate a determination of the*  
 24 *exposure to flood hazards of structures located on the*  
 25 *property to which the loan application relates. The*

1       *form shall be designed to facilitate compliance with*  
2       *the provisions of this title.*

3           “(2) *CONTENTS.*—*The form shall require identi-*  
4       *fication of the type of flood-risk zone in which the*  
5       *property is located, the complete map and panel*  
6       *numbers for the property, and the date of the map*  
7       *used for the determination, with respect to flood haz-*  
8       *ard information on file with the Director. If the prop-*  
9       *erty is not located in an area of special flood hazards*  
10       *the form shall require a statement to such effect and*  
11       *shall indicate the complete map and panel numbers*  
12       *of the property. If the complete map and panel num-*  
13       *bers for the property are not available because the*  
14       *property is not located in a community that is par-*  
15       *ticipating in the national flood insurance program or*  
16       *because no map exists for the relevant area, the form*  
17       *shall require a statement to such effect. The form shall*  
18       *provide for inclusion or attachment of any relevant*  
19       *documents indicating revisions or amendments to*  
20       *maps.*

21           “(c) *REQUIRED USE.*—*The Federal entities for lending*  
22       *regulation shall by regulation require the use of the form*  
23       *under this section by regulated lending institutions. The ap-*  
24       *propriate head of each Federal agency lender shall by regu-*  
25       *lation provide for the use of the form with respect to any*

1 *loan made by such Federal agency lender. The Secretary*  
2 *of Housing and Urban Development shall by regulation re-*  
3 *quire use of the form in connection with loans purchased*  
4 *by Federal National Mortgage Association and the Federal*  
5 *Home Loan Mortgage Corporation and the Government Na-*  
6 *tional Mortgage Association. The Secretary of Housing and*  
7 *Urban Development shall encourage the use of the form by*  
8 *other lending institutions.*

9       “(d) *GUARANTEES REGARDING INFORMATION.—In*  
10 *providing information regarding special flood hazards on*  
11 *the form developed under this section (or otherwise required*  
12 *of a lender not required to use the form under this section)*  
13 *any lender making, increasing, extending, or renewing a*  
14 *loan secured by improved real estate or a mobile home may*  
15 *provide for the acquisition or determination of such infor-*  
16 *mation to be made by a person other than such institution,*  
17 *only to the extent such person guarantees the accuracy of*  
18 *the information. The Director shall by regulations establish*  
19 *requirements relating to the nature and manner of such*  
20 *guarantees.*

21       “(e) *ELECTRONIC FORM.—The Federal entities for*  
22 *lending regulation, the Secretary of Housing and Urban*  
23 *Development, and the appropriate head of each Federal*  
24 *agency lender shall by regulation require any lender using*  
25 *the electronic form developed under this section with respect*

1 to any loan to make available upon the request of such Fed-  
 2 eral entity, Secretary, or agency head, a written form under  
 3 this section for such loan within 48 hours after such request.

4 “(f) *EFFECTIVE DATE.*—The regulations under this  
 5 section requiring use of the written and electronic forms es-  
 6 tablished pursuant to this section shall be issued together  
 7 with the regulations required under subsection (a) and shall  
 8 take effect upon the expiration of the 90-day period begin-  
 9 ning on such issuance.”.

10 **SEC. 210. EXAMINATIONS REGARDING COMPLIANCE.**

11 (a) *AMENDMENT TO FEDERAL DEPOSIT INSURANCE*  
 12 *ACT.*—Section 10 of the Federal Deposit Insurance Act (12  
 13 U.S.C. 1820) is amended by adding at the end the following  
 14 new subsection:

15 “(h) *FLOOD INSURANCE COMPLIANCE BY INSURED*  
 16 *DEPOSITORY INSTITUTIONS.*—

17 “(1) *EXAMINATIONS.*—The appropriate Federal  
 18 banking agency shall, during each scheduled on-site  
 19 examination required by this section, determine  
 20 whether the insured depository institution is comply-  
 21 ing with the requirements of the national flood insur-  
 22 ance program.

23 “(2) *REPORT.*—

24 “(A) *REQUIREMENT.*—Not later than 1 year  
 25 after the date of enactment of the National Flood

1        *Insurance Reform Act of 1994 and biennially*  
2        *thereafter for the next 4 years, each appropriate*  
3        *Federal banking agency shall submit a report to*  
4        *the Congress on compliance by insured deposi-*  
5        *tory institutions with the requirements of the na-*  
6        *tional flood insurance program.*

7                *“(B) CONTENTS.—The report shall include*  
8        *a description of the methods used to determine*  
9        *compliance, the number of institutions examined*  
10       *during the reporting year, a listing and total*  
11       *number of institutions found not to be in compli-*  
12       *ance, actions taken to correct incidents of non-*  
13       *compliance, and an analysis of compliance, in-*  
14       *cluding a discussion of any trends, patterns, and*  
15       *problems, and recommendations regarding rea-*  
16       *sonable actions to improve the efficiency of the*  
17       *examinations processes.”.*

18        *(b) AMENDMENT TO FEDERAL CREDIT UNION ACT.—*  
19       *Section 204 of the Federal Credit Union Act (12 U.S.C.*  
20       *1784) is amended by adding at the end the following new*  
21       *subsection:*

22                *“(e) FLOOD INSURANCE COMPLIANCE BY INSURED*  
23       *CREDIT UNIONS.—*

24                *“(1) EXAMINATION.—The Board shall, during*  
25       *each examination conducted under this section, deter-*

1     *mine whether the insured credit union is complying*  
2     *with the requirements of the national flood insurance*  
3     *program.*

4             “(2) *REPORT.—*

5                 “(A) *REQUIREMENT.—Not later than 1 year*  
6                 *after the date of enactment of the National Flood*  
7                 *Insurance Reform Act of 1994 and biennially*  
8                 *thereafter for the next 4 years, the Board shall*  
9                 *submit a report to Congress on compliance by*  
10                *insured credit unions with the requirements of*  
11                *the national flood insurance program.*

12               “(B) *CONTENTS.—The report shall include*  
13               *a description of the methods used to determine*  
14               *compliance, the number of insured credit unions*  
15               *examined during the reporting year, a listing*  
16               *and total number of insured credit unions found*  
17               *not to be in compliance, actions taken to correct*  
18               *incidents of noncompliance, and an analysis of*  
19               *compliance, including a discussion of any*  
20               *trends, patterns, and problems, and rec-*  
21                *ommendations regarding reasonable actions to*  
22                *improve the efficiency of the examinations proc-*  
23                *esses.”.*

24            (c) *AMENDMENT TO FEDERAL HOUSING ENTERPRISES*  
25 *FINANCIAL SAFETY AND SOUNDNESS ACT OF 1992.—Sec-*



1 *tion 1317 of the Federal Housing Enterprises Financial*  
2 *Safety and Soundness Act of 1992 (12 U.S.C. 4517) is*  
3 *amended by adding at the end the following new subsection:*

4 “(g) *FLOOD INSURANCE COMPLIANCE BY ENTER-*  
5 *PRISES.*—

6 “(1) *EXAMINATION.*—*After the submission of the*  
7 *report under section 210(d) of the National Flood In-*  
8 *surance Reform Act of 1994, the Director shall, dur-*  
9 *ing each annual examination of an enterprise con-*  
10 *ducted under this section, determine whether the en-*  
11 *terprise has established adequate procedures required*  
12 *under section 102(b)(4) of the Flood Disaster Protec-*  
13 *tion Act of 1973 and is complying with such proce-*  
14 *dures.*

15 “(2) *EXCEPTION.*—*The provisions of paragraph*  
16 *(1) shall not apply with respect to an enterprise if the*  
17 *Director—*

18 “(A) *determines, pursuant to the report*  
19 *under section 210(d) of the National Flood In-*  
20 *surance Reform Act of 1994, that the enterprise*  
21 *has established adequate procedures pursuant to*  
22 *section 102(b)(4) of the Flood Disaster Protection*  
23 *Act of 1973 and has a pattern of compliance*  
24 *with such procedures; and*

1           “(B) certifies such finding in writing to the  
2 Congress.

3           “(3) REPORT.—

4           “(A) REQUIREMENT.—Not later than 1 year  
5 after the date of enactment of the National Flood  
6 Insurance Reform Act of 1994 and biennially  
7 thereafter for the next 4 years, the Director shall  
8 submit a report to Congress on compliance by  
9 the enterprises with the procedures established  
10 pursuant to section 102(b)(4) of the Flood Disas-  
11 ter Protection Act of 1973.

12           “(B) CONTENTS.—The report shall include  
13 a description of the methods used to determine  
14 compliance, identification of any enterprise  
15 found not to be in compliance, actions taken to  
16 correct incidents of noncompliance, and an anal-  
17 ysis of compliance, including a discussion of any  
18 trends, patterns, and problems, and rec-  
19 ommendations regarding reasonable actions to  
20 improve the efficiency of the examinations proc-  
21 esses.”.

22           (d) GAO REPORT ON GSE COMPLIANCE.—Not later  
23 than 18 months after the date of enactment of this Act, the  
24 Comptroller General of the United States shall submit a re-  
25 port to the Congress and the Director of the Office of Federal

1 *Housing Enterprise Oversight of the Department of Hous-*  
 2 *ing and Urban Development regarding the procedures es-*  
 3 *tablished by the Federal National Mortgage Association and*  
 4 *the Federal Home Loan Mortgage Corporation pursuant to*  
 5 *section 102(b)(4) of the Flood Disaster Protection Act of*  
 6 *1973. The report shall include a description of such proce-*  
 7 *dures, an analysis of whether such procedures are sufficient*  
 8 *to comply with the requirements of such section, a deter-*  
 9 *mination of whether each enterprise has complied with such*  
 10 *procedures, a description of any actions taken by each en-*  
 11 *terprise to correct any incidents of noncompliance, and any*  
 12 *recommendations regarding reasonable actions to improve*  
 13 *the procedures established by the enterprises and compliance*  
 14 *with such procedures.*

15 **SEC. 211. FINANCIAL INSTITUTIONS EXAMINATION COUN-**  
 16 **CIL.**

17 *Section 1006 of the Federal Financial Institutions Ex-*  
 18 *amination Council Act of 1978 (12 U.S.C. 3305) is amend-*  
 19 *ed by adding at the end the following new subsection:*

20 *“(g) The council shall consult and assist the Federal*  
 21 *entities for lending regulation and the Secretary of Housing*  
 22 *and Urban Development in developing and coordinating*  
 23 *uniform standards and requirements for use by lenders as*  
 24 *provided under the National Flood Insurance Act of 1968*  
 25 *and the Flood Disaster Protection Act of 1973.”.*

1 **SEC. 212. CLERICAL AMENDMENTS.**

2 *Section 102 of the Flood Disaster Protection Act of*  
 3 *1973 (42 U.S.C. 4012a) is amended—*

4 *(1) by striking the section heading and inserting*  
 5 *the following new section heading:*

6 *“FLOOD INSURANCE PURCHASE AND COMPLIANCE*  
 7 *REQUIREMENTS AND ESCROW ACCOUNTS”;* and

8 *(2) in subsection (c), by inserting “EXCEPTION*  
 9 *TO PURCHASE REQUIREMENTS FOR STATE-OWNED*  
 10 *PROPERTY.—” before “Notwithstanding”.*

11 **TITLE III—RATINGS AND INCEN-**  
 12 **TIVES FOR COMMUNITY**  
 13 **FLOODPLAIN MANAGEMENT**  
 14 **PROGRAMS**

15 **SEC. 301. COMMUNITY RATING SYSTEM AND INCENTIVES**  
 16 **FOR COMMUNITY FLOODPLAIN MANAGE-**  
 17 **MENT.**

18 *Section 1315 of the National Flood Insurance Act of*  
 19 *1968 (42 U.S.C. 4022) is amended—*

20 *(1) by inserting after “SEC. 1315.” the following:*

21 *“(a) REQUIREMENT FOR PARTICIPATION IN FLOOD*  
 22 *INSURANCE PROGRAM.—”;* and

23 *(2) by adding at the end the following new sub-*  
 24 *section:*

25 *“(b) COMMUNITY RATING SYSTEM AND INCENTIVES*  
 26 *FOR COMMUNITY FLOODPLAIN MANAGEMENT.—*

1           “(1) *AUTHORITY AND GOALS.*—The Director  
2     shall carry out a community rating system program  
3     to evaluate the measures adopted by areas (and sub-  
4     divisions thereof) in which the Director has made  
5     flood insurance coverage available to provide for ade-  
6     quate land use and control provisions consistent with  
7     the comprehensive criteria for such land management  
8     and use under section 1361, to facilitate accurate  
9     risk-rating, to promote flood insurance awareness,  
10    and to complement adoption of more effective meas-  
11    ures for floodplain and coastal erosion management.

12           “(2) *INCENTIVES.*—The program under this sub-  
13    section shall provide incentives in the form of adjust-  
14    ments in the premium rates for flood insurance cov-  
15    erage in areas that the Director determines have  
16    adopted and enforced the goals of the community rat-  
17    ing system under this subsection. In providing incen-  
18    tives under this paragraph, the Director may provide  
19    for additional adjustments in premium rates for flood  
20    insurance coverage in areas that the Director deter-  
21    mines have implemented measures relating to the pro-  
22    tection of natural and beneficial floodplain functions.  
23    The Director may also provide for additional adjust-  
24    ments in premium rates for flood insurance coverage  
25    in areas within which such rates have increased as a

1     *result of induced flooding risk from flood control or*  
2     *mitigation projects, as determined by the Director, ex-*  
3     *cept that the adjustment shall not reduce premium*  
4     *rates below the rate which would have been charged*  
5     *absent the risk of induced flooding from the flood con-*  
6     *trol or mitigation projects.*

7             *“(3) FUNDS.—The Director shall carry out the*  
8     *program under this subsection with amounts, as the*  
9     *Director determines necessary, from the National*  
10    *Flood Insurance Fund under section 1310 and any*  
11    *other amounts that may be appropriated for such*  
12    *purpose.*

13            *“(4) REPORTS.—The Director shall submit a re-*  
14    *port to the Congress regarding the program under this*  
15    *subsection not later than the expiration of the 2-year*  
16    *period beginning on the date of the enactment of the*  
17    *National Flood Insurance Reform Act of 1994. The*  
18    *Director shall submit a report under this paragraph*  
19    *not less than every 2 years thereafter. Each report*  
20    *under this paragraph shall include an analysis of the*  
21    *cost-effectiveness and other accomplishments and*  
22    *shortcomings of the program and any recommenda-*  
23    *tions of the Director for legislation regarding the pro-*  
24    *gram.”.*

1 **SEC. 302. FUNDING.**

2 *Section 1310(a) of the National Flood Insurance Act*  
 3 *of 1968 (42 U.S.C. 4017(a)) is amended—*

4 *(1) in paragraph (4), by striking “and” at the*  
 5 *end;*

6 *(2) by redesignating paragraph (5) as para-*  
 7 *graph (8); and*

8 *(3) by inserting after paragraph (4) the follow-*  
 9 *ing new paragraph:*

10 *“(5) for carrying out the program under section*  
 11 *1315(b);”.*

12 **TITLE IV—MITIGATION OF**  
 13 **FLOOD AND EROSION RISKS**

14 **SEC. 401. REPEAL OF FLOODED PROPERTY PURCHASE AND**  
 15 **LOAN PROGRAM.**

16 *(a) REPEAL.—Section 1362 of the National Flood In-*  
 17 *surance Act of 1968 (42 U.S.C. 4103) is hereby repealed.*

18 *(b) TRANSITION PHASE.—Notwithstanding subsection*  
 19 *(a), during the 1-year period beginning on the date of the*  
 20 *enactment of this Act, the Director of the Federal Emer-*  
 21 *gency Management Agency may enter into loan and pur-*  
 22 *chase commitments as provided under section 1362 of such*  
 23 *Act (as in effect immediately before the enactment of this*  
 24 *Act).*

25 *(c) SAVINGS PROVISION.—Notwithstanding subsection*  
 26 *(a), the Director shall take any action necessary to comply*

1 *with any purchase or loan commitment entered into before*  
2 *the expiration of the period referred to in subsection (b)*  
3 *pursuant to authority under section 1362 of the National*  
4 *Flood Insurance Act of 1968 or subsection (b).*

5 ***SEC. 402. TERMINATION OF EROSION-THREATENED STRUC-***  
6 ***TURES PROGRAM.***

7 *(a) IN GENERAL.—Section 1306 of the National Flood*  
8 *Insurance Act of 1968 (42 U.S.C. 4013) is amended by*  
9 *striking subsection (c).*

10 *(b) TRANSITION PHASE.—Notwithstanding subsection*  
11 *(a), during the 1-year period beginning on the date of the*  
12 *enactment of this Act, the Director of the Federal Emer-*  
13 *gency Management Agency may pay amounts under flood*  
14 *insurance contracts for demolition or relocation of struc-*  
15 *tures as provided in section 1306(c) of the National Flood*  
16 *Insurance Act of 1968 (as in effect immediately before the*  
17 *enactment of this Act).*

18 *(c) SAVINGS PROVISION.—Notwithstanding subsection*  
19 *(a), the Director shall take any action necessary to make*  
20 *payments under flood insurance contracts pursuant to any*  
21 *commitments made before the expiration of the period re-*  
22 *ferred to in subsection (b) pursuant to the authority under*  
23 *section 1306(c) of the National Flood Insurance Act of 1968*  
24 *or subsection (b).*



1 **SEC. 403. MITIGATION ASSISTANCE RESPONSIBILITIES IN**  
2 **FEDERAL INSURANCE ADMINISTRATION.**

3 *Section 1105(a) of the Housing and Urban Develop-*  
4 *ment Act of 1968 (42 U.S.C. 4129(a)) is amended—*

5 *(1) by inserting “(1)” after “(a)”;* and

6 *(2) by adding at the end the following new para-*  
7 *graph:*

8 *“(2) The Director of the Federal Emergency Manage-*  
9 *ment Agency shall coordinate all mitigation activities, in-*  
10 *cluding the administration of the program for mitigation*  
11 *assistance under section 1366, under the Federal Insurance*  
12 *Administrator. Such activities shall include the develop-*  
13 *ment and implementation of various mitigation activities*  
14 *and techniques, the provision of advice and assistance re-*  
15 *garding mitigation to States, communities, and individ-*  
16 *uals, including planning assistance under section 1366(b),*  
17 *coordination with other Federal flood and erosion mitiga-*  
18 *tion efforts, and coordination with State and local govern-*  
19 *ments and public and private agencies and organizations*  
20 *for collection and dissemination of information regarding*  
21 *erosion.”.*

22 **SEC. 404. STATE AND COMMUNITY MITIGATION ASSISTANCE**  
23 **PROGRAM.**

24 *(a) IN GENERAL.—Chapter III of the National Flood*  
25 *Insurance Act of 1968 (42 U.S.C. 4101 et seq.), as amended*

1 *by the preceding provisions of this Act, is further amended*  
2 *by adding at the end the following new section:*

3 *“STATE AND COMMUNITY MITIGATION ASSISTANCE*

4 *“SEC. 1366. (a) AUTHORITY.—The Director shall*  
5 *carry out a program to provide financial assistance to*  
6 *States and communities, using amounts made available*  
7 *from the National Flood and Erosion Mitigation Fund*  
8 *under section 1367, for planning and carrying out activi-*  
9 *ties designed to reduce the risk of flood and erosion damage*  
10 *to structures covered under contracts for flood insurance*  
11 *under this title. Such financial assistance shall be made*  
12 *available in the form of grants under subsection (b) for*  
13 *planning assistance and grants under this section for carry-*  
14 *ing out mitigation activities.*

15 *“(b) PLANNING ASSISTANCE GRANTS.—*

16 *“(1) IN GENERAL.—The Director may make*  
17 *grants under this subsection to States and commu-*  
18 *nities to assist in developing mitigation plans under*  
19 *subsection (c).*

20 *“(2) FUNDING.—Of any amounts made available*  
21 *from the National Flood and Erosion Mitigation*  
22 *Fund for use under this section in any fiscal year, the*  
23 *Director may use not more than \$1,500,000 to pro-*  
24 *vide planning assistance grants under this subsection.*

25 *“(3) LIMITATIONS.—*

1           “(A) *TIMING.*—A grant under this sub-  
2           section may be awarded to a State or commu-  
3           nity not more than once every 5 years and each  
4           grant may cover a period of 1 to 3 years.

5           “(B) *SINGLE GRANTEE AMOUNT.*—A grant  
6           for planning assistance may not exceed—

7                   “(i) \$150,000, to any State; or

8                   “(ii) \$50,000, to any community.

9           “(C) *CUMULATIVE STATE GRANT AMOUNT.*—  
10          The sum of the amounts of grants under this  
11          subsection in any fiscal year to any one State  
12          and all communities located in such State may  
13          not exceed \$300,000.

14          “(c) *MITIGATION PLAN REQUIREMENT.*—To be eligible  
15          to receive financial assistance under this section for mitiga-  
16          tion activities, a State or community shall develop, and  
17          have approved by the Director, a flood and erosion risk  
18          mitigation plan (hereafter in this section referred to as a  
19          ‘mitigation plan’), that is more protective against flood  
20          losses and, if applicable, erosion losses, than the criteria es-  
21          tablished by the Director under section 1361 and provides  
22          such protection with respect to structures covered by con-  
23          tracts for flood insurance under this title. The mitigation  
24          plan shall include a comprehensive strategy for mitigation

1 *activities adopted by the State or community following a*  
2 *public hearing.*

3       “(d) *NOTIFICATION OF APPROVAL.—The Director shall*  
4 *notify a State or community submitting a mitigation plan*  
5 *of the approval or disapproval of the plan not later than*  
6 *120 days after submission of the plan. If the Director does*  
7 *not approve a plan, the Director shall notify the State or*  
8 *community in writing of the reasons for such disapproval.*

9       “(e) *ELIGIBLE MITIGATION ACTIVITIES.—*

10           “(1) *DETERMINATION.—Amounts provided under*  
11 *this section (other than under subsection (b)) may be*  
12 *used only for mitigation activities specified in a miti-*  
13 *gation plan approved by the Director under sub-*  
14 *section (d). The Director may approve only mitiga-*  
15 *tion plans that specify mitigation activities that the*  
16 *Director determines are technically feasible and cost-*  
17 *effective. The Director shall provide assistance under*  
18 *this section to the extent amounts are available in the*  
19 *National Flood and Erosion Mitigation Fund pursu-*  
20 *ant to appropriation Acts, subject only to the absence*  
21 *of approvable mitigation plans.*

22           “(2) *ELIGIBLE ACTIVITIES.—The Director shall*  
23 *determine whether mitigation activities described in a*  
24 *mitigation plan submitted under subsection (d) by a*

1     *State or community comply with the requirements*  
2     *under paragraph (1). Such activities may include—*

3             “(A) *demolition or relocation of any struc-*  
4             *ture located on land that is along the shore of a*  
5             *lake or other body of water and is certified by*  
6             *an appropriate State or local land use authority*  
7             *to be subject to imminent collapse or subsidence*  
8             *as a result of erosion or flooding;*

9             “(B) *elevation, relocation, demolition, or*  
10            *floodproofing of structures, particularly struc-*  
11            *tures incurring repetitive flood-related damage,*  
12            *structures (including public structures) located*  
13            *in special flood hazard areas or other areas of*  
14            *flood risk, and structures (including public*  
15            *structures) located in erosion hazard areas or*  
16            *other areas of erosion risk;*

17            “(C) *acquisition by States and communities*  
18            *of properties (including public properties) lo-*  
19            *cated in special flood hazard areas or other areas*  
20            *of flood risk, properties (including public prop-*  
21            *erties) located in erosion hazard areas or other*  
22            *areas of erosion risk, and properties substan-*  
23            *tially damaged by flood, for public use, as the*  
24            *Director determines is consistent with sound*  
25            *land management and use in such area;*

1           “(D) minor physical mitigation efforts that  
2           do not duplicate the flood prevention activities of  
3           other Federal agencies and that lessen the fre-  
4           quency or severity of flooding and decrease pre-  
5           dicted flood damages, which shall not include  
6           major flood control projects such as dikes, levees,  
7           seawalls, groins, and jetties;

8           “(E) the provision of technical assistance by  
9           States to communities and individuals to con-  
10          duct eligible mitigation activities;

11          “(F) other activities that the Director con-  
12          siders appropriate and specifies in regulation;  
13          and

14          “(G) other mitigation activities not de-  
15          scribed in subparagraphs (A) through (E) or the  
16          regulations issued under subparagraph (F), that  
17          are described in the mitigation plan of a State  
18          or community.

19          “(f) MATCHING REQUIREMENT.—

20               “(1) IN GENERAL.—The Director may not pro-  
21               vide mitigation assistance under this section to a  
22               State or community in an amount exceeding 3 times  
23               the amount that the State or community certifies, as  
24               the Director shall require, that the State or commu-  
25               nity will contribute from non-Federal funds to de-

1        *velop a mitigation plan under subsection (c) and to*  
2        *carry out mitigation activities under the approved*  
3        *mitigation plan of the State or community. In no*  
4        *case shall any State or community in-kind contribu-*  
5        *tion exceed one-half of the amount of non-Federal*  
6        *funds contributed by the State or community.*

7            *“(2) NON-FEDERAL FUNDS.—For purposes of*  
8        *this subsection, the term ‘non-Federal funds’ includes*  
9        *State or local agency funds, in-kind contributions,*  
10       *any salary paid to staff to carry out the mitigation*  
11       *activities of the recipient, the value of the time and*  
12       *services contributed by volunteers to carry out such*  
13       *activities (at a rate determined by the Director), and*  
14       *the value of any donated material or building and the*  
15       *value of any lease on a building.*

16          *“(g) OVERSIGHT OF MITIGATION PLANS.—The Direc-*  
17       *tor shall conduct oversight of recipients of mitigation assist-*  
18       *ance under this section to ensure that the assistance is used*  
19       *in compliance with the approved mitigation plans of the*  
20       *recipients and that matching funds certified under sub-*  
21       *section (f) are used in accordance with such certification.*

22          *“(h) RECAPTURE.—*

23            *“(1) NONCOMPLIANCE WITH PLAN.—If the Direc-*  
24       *tor determines that a State or community that has re-*  
25       *ceived mitigation assistance under this section has*

1     *not carried out the mitigation activities as set forth*  
2     *in the mitigation plan, the Director shall recapture*  
3     *any unexpended amounts and deposit the amounts in*  
4     *the National Flood and Erosion Mitigation Fund*  
5     *under section 1367.*

6             “(2) *FAILURE TO PROVIDE MATCHING FUNDS.—*  
7     *If the Director determines that a State or community*  
8     *that has received mitigation assistance under this sec-*  
9     *tion has not provided matching funds in the amount*  
10    *certified under subsection (f), the Director shall recap-*  
11    *ture any unexpended amounts of mitigation assist-*  
12    *ance exceeding 3 times the amount of such matching*  
13    *funds actually provided and deposit the amounts in*  
14    *the National Flood and Erosion Mitigation Fund*  
15    *under section 1367.*

16            “(i) *REPORTS.—Not later than 1 year after the date*  
17    *of enactment of the National Flood Insurance Reform Act*  
18    *of 1994 and biannually thereafter, the Director shall submit*  
19    *a report to the Congress describing the status of flood and*  
20    *erosion mitigation activities carried out with assistance*  
21    *provided under this section.*

22            “(j) *DEFINITION OF COMMUNITY.—For purposes of*  
23    *this section, the term ‘community’ means—*

24                    “(1) *a political subdivision that (A) has zoning*  
25    *and building code jurisdiction over a particular area*



1       of special flood hazards, and (B) is participating in  
2       the national flood insurance program; or

3               “(2) a political subdivision of a State, or other  
4       authority, that is designated to develop and admin-  
5       ister a mitigation plan by political subdivisions, all  
6       of which meet the requirements of paragraph (1).”.

7       (b) *REGULATIONS.*—Not later than 6 months after date  
8       of enactment of this Act, the Director of the Federal Emer-  
9       gency Management Agency shall issue regulations to carry  
10      out section 1366 of the National Flood Insurance Act of  
11      1968, as added by subsection (a).

12   **SEC. 405. ESTABLISHMENT OF NATIONAL FLOOD AND ERO-**  
13                           **SION MITIGATION FUND.**

14       Chapter III of the National Flood Insurance Act of  
15      1968 (42 U.S.C. 4101 et seq.), as amended by the preceding  
16      provisions of this Act, is further amended by adding at the  
17      end the following new section:

18       “NATIONAL FLOOD AND EROSION MITIGATION FUND

19       “SEC. 1367. (a) *ESTABLISHMENT AND AVAILABIL-*  
20      *ITY.*—The Director shall establish in the Treasury of the  
21      United States a fund to be known as the National Flood  
22      and Erosion Mitigation Fund, which shall be credited with  
23      amounts described in subsection (b) and shall be available,  
24      to the extent provided in appropriation Acts, for providing  
25      assistance under section 1366.

1       “(b) *CREDITS.*—*The National Flood and Erosion*  
2 *Mitigation Fund shall be credited with—*

3               “(1) *any premium surcharges assessed under sec-*  
4 *tion 1308(f);*

5               “(2) *any penalties collected under section 102(f)*  
6 *of the Flood Disaster Protection Act of 1973; and*

7               “(3) *any amounts recaptured under section*  
8 *1366(i).*

9       “(c) *INVESTMENT.*—*If the Director determines that the*  
10 *amounts in the National Flood and Erosion Mitigation*  
11 *Fund are in excess of amounts needed under subsection (a),*  
12 *the Director may invest any excess amounts the Director*  
13 *determines advisable in interest-bearing obligations issued*  
14 *or guaranteed by the United States.*

15       “(d) *REPORT.*—*The Director shall submit a report to*  
16 *the Congress not later than the expiration of the 1-year pe-*  
17 *riod beginning on the date of the enactment of this Act and*  
18 *not less than once during each successive 2-year period*  
19 *thereafter. The report shall describe the status of the Fund*  
20 *and any activities carried out with amounts from the*  
21 *Fund.”.*

1 **SEC. 406. INSURANCE PREMIUM MITIGATION SURCHARGE**  
 2 **AND EROSION HAZARD ZONE SURCHARGE.**

3 *Section 1308 of the National Flood Insurance Act of*  
 4 *1968 (42 U.S.C. 4015) is amended by adding at the end*  
 5 *the following new subsections:*

6 “(f) *INSURANCE PREMIUM MITIGATION SUR-*  
 7 *CHARGE.*—

8 “(1) *ASSESSMENT.*—*Notwithstanding any other*  
 9 *provision of this title, the Director shall assess, with*  
 10 *respect to each contract for flood insurance coverage*  
 11 *under this title issued or renewed after the date of the*  
 12 *enactment of the National Flood Insurance Reform*  
 13 *Act of 1994, a mitigation surcharge of—*

14 “(A) *\$10 per policy term, for policies hav-*  
 15 *ing a total coverage amount of \$150,000 or less*  
 16 *that cover structures that are principal resi-*  
 17 *dences;*

18 “(B) *\$20 per policy term, for policies hav-*  
 19 *ing a total coverage amount of more than*  
 20 *\$150,000 that cover structures that are principal*  
 21 *residences; and*

22 “(C) *the amount established by the Director*  
 23 *not to exceed \$40 per policy term, for policies*  
 24 *covering other structures.*

25 “(2) *DEPOSIT IN MITIGATION FUND.*—*Any miti-*  
 26 *gation surcharges collected shall be paid into the Na-*

1        *tional Flood and Erosion Mitigation Fund under sec-*  
 2        *tion 1367.*

3            “(3) *EXEMPTION.*—*The mitigation surcharges*  
 4        *shall not be subject to any agents’ commissions, com-*  
 5        *pany expenses allowances, or State or local premium*  
 6        *taxes.*

7            “(g) *EROSION HAZARD ZONE SURCHARGES.*—*The Di-*  
 8        *rector shall assess a surcharge for each contract for flood*  
 9        *insurance coverage under this title covering an existing*  
 10       *structure that is located within the 30-year or 60-year ero-*  
 11       *sion hazard zone established under section 1360(j). Subject*  
 12       *only to the limitation under subsection (e), the surcharge*  
 13       *shall be in the amount necessary so that, based on the risk*  
 14       *involved and sound actuarial principles, the sum of the*  
 15       *amounts charged for a property for flood insurance pre-*  
 16       *miums and the surcharge under this subsection is equal to*  
 17       *the full actuarial risk premium rate determined under sec-*  
 18       *tion 1307(a)(1) for the area in which the property is lo-*  
 19       *cated.”.*

20        ***SEC. 407. LIMITATIONS ON NEW FLOOD INSURANCE COV-***  
 21        ***ERAGE IN EROSION HAZARD AREAS.***

22        *The National Flood Insurance Act of 1968 (42 U.S.C.*  
 23        *4001 et seq.) is amended by inserting after section 1313*  
 24        *the following new section:*

1   **“SEC. 1314. PROPERTIES LOCATED WITHIN 30-YEAR AND 60-**  
2                   **YEAR EROSION HAZARD ZONES.**

3           “(a) *PROPERTIES LOCATED WITHIN 30-YEAR ERO-*  
4   *SION HAZARD ZONE.*—After the establishment of erosion  
5   hazard zones under section 1360(j), the Director may not  
6   make flood insurance available within a 30-year erosion  
7   hazard zone with respect to any new—

8                   “(1) construction; or

9                   “(2) addition to an existing structure, if the ad-  
10   dition makes the structure not a readily movable  
11   structure.

12          “(b) *PROPERTIES LOCATED WITHIN 60-YEAR ERO-*  
13   *SION HAZARD AREA AND OUTSIDE 30-YEAR EROSION HAZ-*  
14   *ARD ZONE.*—After the establishment of erosion hazard zones  
15   under section 1360(j), the Director may not make flood in-  
16   surance available with respect to any new—

17                   “(1) nonresidential structure;

18                   “(2) residential structure that is not a readily  
19   movable structure; or

20                   “(3) addition to an existing structure, if the ad-  
21   dition makes the structure not a readily movable  
22   structure;

23   that is constructed or relocated landward of the 30-year ero-  
24   sion hazard zone and within the 60-year erosion hazard  
25   zone established by the Director under such section.

1       “(c) *TREATMENT OF EXISTING STRUCTURES.*—This  
2   section may not be construed to prohibit the renewal or con-  
3   tinuation of coverage for any flood insurance policy under  
4   this title covering a structure that suffers substantial dam-  
5   age, regardless of whether the structure is relocated or recon-  
6   structed. For purposes of this subsection, the term ‘substan-  
7   tial damage’ means damage of any origin sustained by a  
8   structure that is of such an extent that the cost of restoring  
9   the structure to its condition before such damage would  
10   equal or exceed 50 percent of the market value of the struc-  
11   ture immediately before the damage occurred.

12       “(d) *STATE EROSION HAZARD MANAGEMENT PRO-*  
13   *GRAM.*—Notwithstanding subsections (a) and (b), if upon  
14   the date of the enactment of the National Flood Insurance  
15   Reform Act of 1994 a State has adopted and has in effect  
16   an erosion management program that, in the determination  
17   of the Director, has enforceable provisions prohibiting or re-  
18   stricting new construction or additions to existing struc-  
19   tures within the 30-year erosion hazard zone, the Director  
20   shall continue to make flood insurance under this title  
21   available for new construction and additions to existing  
22   structures landward of the 30-year erosion zone that are  
23   otherwise in conformance with all applicable State and  
24   local laws, regulations, and ordinances relating to building  
25   design, development, and erosion.”.

1 **SEC. 408. STUDY OF MITIGATION INSURANCE.**

2       (a) *STUDY.*—The Director of the Federal Emergency  
3 Management Agency shall conduct a study to determine the  
4 feasibility of providing, as part of the flood insurance pol-  
5 icy, insurance coverage to provide for increases in the costs  
6 of repair and reconstruction of repetitively and severely  
7 flood-damaged insured buildings, in order to repair, recon-  
8 struct, or otherwise mitigate future hazards to those build-  
9 ings to comply with local building codes and floodplain  
10 management ordinances to the greatest extent possible. In  
11 conducting the study, the Director shall seek involvement  
12 from other Federal, State, and local agencies, and represen-  
13 tation from the insurance, construction, and floodplain  
14 management interests. Under the study the Director shall—

15           (1) identify potential activities related to repair,  
16 reconstruction, or otherwise achieving mitigation re-  
17 quired to comply with standards under the national  
18 flood insurance program and local building codes,  
19 and evaluate the costs of such activities;

20           (2) evaluate how such insurance coverage could  
21 be utilized to achieve economically justified acquisi-  
22 tion or relocation of certain structures under certain  
23 circumstances;

24           (3) evaluate the cost of providing the additional  
25 coverage and investigate a full range of measures for

1        *funding such costs, including changes in coverage,*  
2        *rates, and deductibles;*

3            (4) *evaluate the effect changes identified in para-*  
4        *graph (3) would have on the entire policy base, the*  
5        *cost of flood insurance, retention of policies, market-*  
6        *ing of policies, the number and magnitude of claims*  
7        *paid, and the economic soundness and value of flood-*  
8        *prone property, and provide detail on such effects by*  
9        *State and flood hazard zone; and*

10          (5) *identify mechanisms required to identify*  
11        *qualifying structures, determine appropriate mitiga-*  
12        *tion measures, coordinate with State and local offi-*  
13        *cial, provide consistency with State and local plans*  
14        *and programs, deliver the increased insurance pay-*  
15        *ments, and verify appropriate actions by policy-*  
16        *holders.*

17        (b) *REPORT.*—*The Director shall submit to the Con-*  
18        *gress a report describing the study not later than the expira-*  
19        *tion of the 18-month period beginning on the date of the*  
20        *enactment of this Act. The report shall include conclusions*  
21        *and recommendations of the Director in conducting the*  
22        *study.*

23        **SEC. 409. RIVERINE EROSION STUDY.**

24        (a) *STUDY.*—*The Director of the Federal Emergency*  
25        *Management Agency shall conduct a study to determine the*



1 *feasibility of identifying and establishing erosion rates for*  
2 *communities subject to riverine erosion hazards and the best*  
3 *manner of identifying and establishing such rates. Under*  
4 *the study the Director shall—*

5       (1) *investigate and assess existing and state-of-*  
6 *the-art technical methodologies for assessing riverine*  
7 *erosion;*

8       (2) *examine natural riverine processes, environ-*  
9 *mental conditions, and human-induced changes to the*  
10 *banks of rivers and streams, examples of erosion and*  
11 *likely causes, and examples of erosion control and*  
12 *reasons for their performance; and*

13       (3) *analyze riverine erosion management strate-*  
14 *gies, the technical standards, methods, and data nec-*  
15 *essary to support such strategies, and methods of ad-*  
16 *ministering such strategies through the national flood*  
17 *insurance program.*

18       (b) *REPORT.—The Director shall submit a report to*  
19 *the Congress regarding the findings and conclusions of the*  
20 *study under this section not later than the expiration of*  
21 *the 2-year period beginning on the date of the enactment*  
22 *of this Act. The report shall include any recommendations*  
23 *of the Director regarding appropriate methods and ap-*  
24 *proaches for identifying and determining riverine erosion*

1 *rates and management strategies relating to riverine ero-*  
2 *sion.*

3 ***SEC. 410. COORDINATION WITH COASTAL ZONE MANAGE-***  
4 ***MENT PROGRAMS.***

5 *(a) IN GENERAL.—In implementing this title and the*  
6 *amendments made by this title, the Director of the Federal*  
7 *Emergency Management Agency shall consult with the*  
8 *Under Secretary of Commerce for Oceans and Atmosphere*  
9 *and representatives from State coastal zone management*  
10 *programs to promote full coordination of the erosion man-*  
11 *agement provisions of the National Flood Insurance Act of*  
12 *1968 as amended by this Act, and the provisions of the*  
13 *Coastal Zone Management Act of 1972. The Director shall,*  
14 *to the greatest extent possible, utilize State management*  
15 *programs approved under section 306 of the Coastal Zone*  
16 *Management Act of 1972 to facilitate development and im-*  
17 *plementation of regulations and guidelines for this title.*

18 *(b) COORDINATION REPORT.—The Director shall pre-*  
19 *pare a report that details the proposed mechanisms for*  
20 *achieving the coordination required in subsection (a). In*  
21 *preparing the report, the Director shall consult with the*  
22 *Under Secretary of Commerce for Oceans and Atmosphere.*  
23 *This report shall be submitted to the Congress not later than*  
24 *2 years after the date of enactment of this Act.*

***TITLE V—FLOOD INSURANCE  
TASK FORCE***

***SEC. 501. FLOOD INSURANCE INTERAGENCY TASK FORCE.***

*(a) ESTABLISHMENT.—There is hereby established an interagency task force to be known as the Flood Insurance Task Force (in this section referred to as the “Task Force”).*

*(b) MEMBERSHIP.—*

*(1) IN GENERAL.—The Task Force shall be composed of 11 members, who shall be the designees of—*

*(A) the Federal Insurance Administrator;*

*(B) the Federal Housing Commissioner;*

*(C) the Secretary of Veterans Affairs;*

*(D) the Administrator of the Farmers Home Administration;*

*(E) the Administrator of the Small Business Administration;*

*(F) a designee of the Financial Institutions Examination Council;*

*(G) the chairman of the Board of Directors of the Federal Home Loan Mortgage Corporation;*

*(H) the chairman of the Board of Directors of the Federal National Mortgage Association;*

*(I) the Under Secretary of Commerce for Oceans and Atmosphere;*

1                   (J) the Director of the United States Fish  
2                   and Wildlife Service; and

3                   (K) the Administrator of the Environmental  
4                   Protection Agency.

5                   (2) QUALIFICATIONS.—Members of the Task  
6                   Force shall be designated for membership on the Task  
7                   Force by reason of demonstrated knowledge and com-  
8                   petence regarding the national flood insurance pro-  
9                   gram.

10                  (c) DUTIES.—The Task Force shall carry out the fol-  
11                  lowing duties:

12                   (1) Make recommendations to the head of each  
13                   Federal agency and enterprise referred to under sub-  
14                   section (b)(1) regarding establishment or adoption of  
15                   standardized enforcement procedures among such  
16                   agencies and corporations responsible for enforcing  
17                   compliance with the requirements under the national  
18                   flood insurance program to ensure fullest possible  
19                   compliance with such requirements.

20                   (2) Conduct a study of the extent to which Fed-  
21                   eral agencies and the secondary mortgage market can  
22                   provide assistance in ensuring compliance with the  
23                   requirements under the national flood insurance pro-  
24                   gram and submit to the Congress a report describing  
25                   the study and any conclusions.

1           (3) *Conduct a study of the extent to which exist-*  
2           *ing programs of Federal agencies and corporations for*  
3           *compliance with the requirements under the national*  
4           *flood insurance program can serve as a model for*  
5           *other Federal agencies responsible for enforcing com-*  
6           *pliance, and submit to the Congress a report describ-*  
7           *ing the study and any conclusions.*

8           (4) *Develop guidelines regarding enforcement*  
9           *and compliance procedures, based on the studies and*  
10          *findings of the Task Force, and publish the guidelines*  
11          *in a usable format.*

12          (d) *NONCOMPENSATION.*—*Members of the Task Force*  
13          *shall receive no additional pay by reason of their service*  
14          *on the Task Force.*

15          (e) *CHAIRPERSON.*—*The members of the Task Force*  
16          *shall elect one member as chairperson of the Task Force.*

17          (f) *MEETINGS AND ACTION.*—*The Task Force shall*  
18          *meet at the call of the chairman or a majority of the mem-*  
19          *bers of the Task Force and may take action by a vote of*  
20          *the majority of the members. The Federal Insurance Admin-*  
21          *istrator shall coordinate and call the initial meeting of the*  
22          *Task Force.*

23          (g) *OFFICERS.*—*The chairperson of the Task Force*  
24          *may appoint any officers to carry out the duties of the Task*  
25          *Force under subsection (c).*

1       (h) *STAFF OF FEDERAL AGENCIES.*—Upon request of  
2 the chairperson of the Task Force, the head of any of the  
3 Federal agencies and corporations referred to under sub-  
4 section (b)(1) may detail, on a nonreimbursable basis, any  
5 of the personnel of such agency to the Task Force to assist  
6 the Task Force in carrying out its duties under this Act.

7       (i) *POWERS.*—In carrying out this section, the Task  
8 Force may hold hearings, sit and act at times and places,  
9 take testimony, receive evidence and assistance, provide in-  
10 formation, and conduct research as the Task Force considers  
11 appropriate.

12       (j) *SUBCOMMITTEE ON NATURAL AND BENEFICIAL*  
13 *FUNCTIONS OF THE FLOODPLAIN.*—The members of the  
14 Task Force appointed under subparagraphs (I), (J), and  
15 (K) of subsection (b)(1) shall constitute a select subcommit-  
16 tee which, in addition to their duties under subsection (c),  
17 shall make recommendations regarding the implementation  
18 of the provisions of the National Flood Insurance Act of  
19 1968 that deal with protection of the natural and beneficial  
20 functions of the floodplain.

21       (k) *TERMINATION.*—The Task Force shall terminate  
22 upon the expiration of the 24-month period beginning upon  
23 the designation of the last member to be designated under  
24 subsection (b)(1).

***TITLE VI—MISCELLANEOUS  
PROVISIONS***

***SEC. 601. LIMITATION ON PREMIUM AND SURCHARGE IN-  
CREASES.***

*(a) PROPERTY-SPECIFIC LIMITATION.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—*

*(1) in subsection (c), by striking “Notwithstanding any other provision of this title” and inserting “Subject only to the limitation under subsection (e)”;*  
*and*

*(2) by inserting after subsection (d) the following new subsection:*

*“(e) ANNUAL LIMITATION ON PREMIUM AND SURCHARGE INCREASES.—Notwithstanding any other provision of this title, the sum of the risk premium rate for flood insurance and the erosion hazard zone surcharge that are charged under this title for any property may not be increased in an amount that would result in the sum of such rate and surcharge increases for the property during any 12-month period exceeding 10 percent of the sum of the amounts of the risk premium rate and erosion hazard zone surcharge applicable to the property upon the commencement of such 12-month period.”.*

1       (b) *REPEAL OF PROGRAM-WIDE LIMITATION.*—Sub-  
 2       section (d) of section 541 of the Housing and Community  
 3       Development Act of 1987 (42 U.S.C. 4015 note) is hereby  
 4       repealed.

5       **SEC. 602. MAXIMUM FLOOD INSURANCE COVERAGE**  
 6               **AMOUNTS.**

7       (a) *IN GENERAL.*—Section 1306(b) of the National  
 8       Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amend-  
 9       ed as follows:

10           (1) *RESIDENTIAL PROPERTY.*—In paragraph (2),  
 11       by striking “an amount of \$150,000 under the provi-  
 12       sions of this clause” and inserting the following: “a  
 13       total amount (including such limits specified in para-  
 14       graph (1)(A)(i)) equal to the dollar amount limita-  
 15       tion pursuant to section 305(a)(2) of the Federal  
 16       Home Loan Mortgage Corporation Act in effect for a  
 17       single-family residence”.

18           (2) *RESIDENTIAL PROPERTY CONTENTS.*—In  
 19       paragraph (3), by striking “an amount of \$50,000  
 20       under the provisions of this clause” and inserting the  
 21       following: “a total amount (including such limits  
 22       specified in paragraph (1)(A)(ii)) of \$100,000”.

23           (3) *NONRESIDENTIAL PROPERTY AND CON-*  
 24       *TENTS.*—By striking paragraph (4) and inserting the  
 25       following new paragraph:



1           “(4) in the case of any nonresidential property,  
 2           including churches, for which the risk premium rate  
 3           is determined in accordance with the provisions of  
 4           section 1307(a)(1), additional flood insurance in ex-  
 5           cess of the limits specified in subparagraphs (B) and  
 6           (C) of paragraph (1) shall be made available to every  
 7           insured upon renewal and every applicant for insur-  
 8           ance, in respect to any single structure, up to a total  
 9           amount (including such limits specified in subpara-  
 10          graph (B) or (C) or paragraph (1), as applicable) of  
 11          \$500,000 for each structure and \$500,000 for any  
 12          contents related to each structure; and”.

13          (b) *REMOVAL OF CEILING ON COVERAGE REQUIRED.*—  
 14          Section 1306(b) of the National Flood Insurance Act of  
 15          1968 (42 U.S.C. 4013(b)) is amended—

16               (1) in paragraph (5), by striking “; and” at the  
 17               end and inserting a period; and

18               (2) by striking paragraph (6).

19          **SEC. 603. FLOOD INSURANCE PROGRAM ARRANGEMENTS**  
 20                       **WITH PRIVATE INSURANCE ENTITIES.**

21          Section 1345(b) of the National Flood Insurance Act  
 22          of 1968 (42 U.S.C. 4081(b)) is amended by striking the pe-  
 23          riod at the end and inserting the following: “and without  
 24          regard to the provisions of the Federal Advisory Committee  
 25          Act (5 U.S.C. App.).”.

1 **SEC. 604. UPDATING OF FLOOD MAPS AND ASSESSMENT**  
2 **AND MAPPING OF EROSION HAZARD ZONES.**

3 *Section 1360 of the National Flood Insurance Act of*  
4 *1968 (42 U.S.C. 4101) is amended by adding at the end*  
5 *the following new subsections:*

6 “(e) *REVIEW OF FLOOD MAPS.*—Once during each 5-  
7 year period (the 1st such period beginning on the date of  
8 the enactment of the National Flood Insurance Reform Act  
9 of 1994) or more often as the Director determines necessary  
10 because of storm-induced erosion, increased watershed devel-  
11 opment, or other extraordinary situations, the Director  
12 shall assess the need to revise and update all floodplain  
13 areas and flood risk zones identified, delineated, or estab-  
14 lished under this section.

15 “(f) *UPDATING FLOOD MAPS.*—The Director shall re-  
16 vise and update any floodplain areas and flood-risk zones—

17 “(1) upon the determination of the Director, ac-  
18 cording to the assessment under subsection (e), that  
19 revision and updating are necessary for the areas and  
20 zones; or

21 “(2) upon the request from any State or local  
22 government stating that specific floodplain areas or  
23 flood-risk zones in the State or locality need revision  
24 or updating, if sufficient technical data justifying the  
25 request is submitted and the unit of government mak-  
26 ing the request agrees to provide funds in an amount

1        *equal to the amount of funds provided by the Director*  
2        *(or the equivalent value of data, technical analysis, or*  
3        *other in-kind services) for the requested revision or*  
4        *update.*

5        *“(g) AVAILABILITY OF FLOOD MAPS.—To promote*  
6        *compliance with the requirements of this title, the Director*  
7        *shall make flood insurance rate maps and related informa-*  
8        *tion available free of charge to State agencies directly re-*  
9        *sponsible for coordinating the national flood insurance pro-*  
10       *gram and to appropriate representatives of communities*  
11       *participating in the national flood insurance program, and*  
12       *at a reasonable cost to all other persons. Any receipts result-*  
13       *ing from this subsection shall be deposited in the National*  
14       *Flood Insurance Fund, pursuant to section 1310(b)(6).*

15       *“(h) NOTIFICATION OF FLOOD MAP CHANGES.—The*  
16       *Director shall cause notice to be published in the Federal*  
17       *Register (or shall provide notice by another comparable*  
18       *method) of any change to flood insurance map panels and*  
19       *any change to flood insurance map panels issued in the*  
20       *form of a letter of map amendment or a letter of map revi-*  
21       *sion. Such notice shall be published or otherwise provided*  
22       *not later than 30 days after the map change or revision*  
23       *becomes effective. Notice by any method other than publica-*  
24       *tion in the Federal Register shall include all pertinent in-*  
25       *formation, provide for regular and frequent distribution,*

1 *and be at least as accessible to map users as notice in the*  
2 *Federal Register. All notices under this subsection shall in-*  
3 *clude information on how to obtain copies of the changes*  
4 *or revisions.*

5       “(i) *COMPENDIA OF FLOOD MAP CHANGES.*—Every 6  
6 *months, the Director shall publish separately in their en-*  
7 *tirety within a compendium, all changes and revisions to*  
8 *flood insurance map panels and all letters of map amend-*  
9 *ment and letters of map revision for which notice was pub-*  
10 *lished in the Federal Register or otherwise provided during*  
11 *the preceding 6 months. The Director shall make such com-*  
12 *pendia available, free of charge, to States and communities*  
13 *participating in the national flood insurance program pur-*  
14 *suant to section 1310 and at cost to all other parties. Any*  
15 *receipts resulting from this subsection shall be deposited in*  
16 *the National Flood Insurance Fund, pursuant to section*  
17 *1310(b)(6).*

18       “(j) *ESTABLISHMENT OF EROSION HAZARD ZONES.*—  
19       “(1) *IN GENERAL.*—Not later than the expiration  
20 *of the 6-year period beginning on the date of the en-*  
21 *actment of the National Flood Insurance Reform Act*  
22 *of 1994, the Director shall assess, identify, and map*  
23 *all coastal areas that have special erosion hazards (in*  
24 *this section referred to as ‘erosion hazard zones’), as*  
25 *provided in this subsection.*

1           “(2) *MAPPING PRIORITIES.*—Not later than 2  
2       years after the date of enactment of the National  
3       Flood Insurance Reform Act of 1994, the Director  
4       shall determine the coastal areas that are at greatest  
5       risk from erosion and assess, identify, and map the  
6       erosion hazard zones in such areas.

7           “(3) *60-YEAR EROSION ZONES.*—On each flood  
8       insurance rate map established under this section, the  
9       Director shall identify and provide legible demarca-  
10      tion for areas that are subject to special erosion haz-  
11      ards within a 60-year period based on past annual  
12      average rates of shoreline retreat in such areas (in  
13      this section referred to as ‘60-year erosion zones’).

14          “(4) *30-YEAR EROSION ZONES.*—On each flood  
15      insurance rate map established under this section, the  
16      Director shall provide information by area regarding  
17      the existing annual average rate of erosion for each  
18      area, so that users of the maps can delineate bound-  
19      aries for areas subject to erosion within 30 years (in  
20      this section referred to as ‘30-year erosion zones’).

21          “(5) *CONSIDERATION OF MITIGATION ACTIVI-*  
22      *TIES.*—In identifying and mapping erosion hazard  
23      zones, the Director shall determine erosion rates based  
24      on (A) the presence of any community erosion control  
25      measures, and (B) erosion of the area in the absence

1       of such measures. The Director shall use the lower of  
2       the estimated erosion rates in the determination of the  
3       erosion hazard zones.

4               “(6) *USE OF STATE AND COMMUNITY INFORMA-*  
5       *TION.*—In designating erosion hazard zones under  
6       this title, the Director shall, to the maximum extent  
7       practicable, use State or community erosion rate data  
8       and baseline reference features.

9               “(7) *REVIEW.*—The Director shall consult with  
10      State and community governments in the determina-  
11      tion of erosion hazard zones, and shall provide for a  
12      public review and appeals process comparable to the  
13      established review and appeals process for flood ele-  
14      vation determinations required under this title.

15              “(8) *UPDATING.*—The Director shall provide for  
16      revising and updating erosion hazard zones as fre-  
17      quently as the Director determines to be necessary for  
18      purposes of this title. In revising the geographical  
19      boundaries of erosion hazard zones, the Director shall  
20      place special emphasis on considering—

21                      “(A) areas (or subdivisions thereof) that are  
22                      experiencing or have recently experienced erosion  
23                      rates in excess of the annual average erosion  
24                      rate, due to storms, high lake levels, or other fac-  
25                      tors; and

1           “(B) areas where nonstructural and struc-  
 2           tural measures have been implemented by a com-  
 3           munity to control erosion or erosion rates have  
 4           been otherwise significantly altered by manmade  
 5           or induced activity.

6           “(9) *TRANSITION.*—Until the Director has as-  
 7           sessed, identified, and mapped erosion rate data for  
 8           a community, the community may obtain, review,  
 9           and reasonably use erosion rate information or other  
 10          historical data available from other Federal, State, or  
 11          other sources in order to develop a mitigation plan  
 12          required for assistance under section 1366.”.

13 **SEC. 605. STUDY OF ECONOMIC EFFECTS OF CHARGING AC-**  
 14 **TUARIALLY-BASED PREMIUM RATES FOR PRE-**  
 15 **FIRM STRUCTURES.**

16          (a) *STUDY.*—The Director of the Federal Emergency  
 17          Management Agency (in this section referred to as the “Di-  
 18          rector”) shall conduct a study of the economic effects that  
 19          would result from increasing premium rates for flood insur-  
 20          ance coverage made available under the national flood in-  
 21          surance program for pre-FIRM structures to the full actuar-  
 22          ial risk based premium rate determined under section  
 23          1307(a)(1) of the National Flood Insurance Act of 1968 for  
 24          the area in which the property is located. In conducting  
 25          the study, the Director shall—

1           (1) *determine each area that would be subject to*  
2           *such increased premium rates; and*

3           (2) *for each such area, determine—*

4                 (A) *the amount by which premium rates*  
5                 *would be increased;*

6                 (B) *the number and types of properties af-*  
7                 *ected and the number and types of properties*  
8                 *covered by flood insurance under this title likely*  
9                 *to cancel such insurance if the rate increases*  
10                *were made;*

11               (C) *the effects that the increased premium*  
12                *rates would have on land values and property*  
13                *taxes; and*

14               (D) *any other effects that the increased pre-*  
15                *mium rates would have on the economy and*  
16                *homeowners.*

17           (b) *DEFINITION OF “PRE-FIRM STRUCTURE”.—For*  
18           *purposes of subsection (a), the term “pre-FIRM structure”*  
19           *means a structure that was not constructed or substantially*  
20           *improved after the later of—*

21                (1) *December 31, 1974; or*

22                (2) *the effective date of the initial rate map pub-*  
23                *lished by the Director under section 1360(a)(2) of the*  
24                *National Flood Insurance Act of 1968 for the area in*  
25                *which such structure is located.*



1       (c) *REPORT.*—*The Director shall submit a report to*  
 2 *the Congress describing and explaining the findings of the*  
 3 *study conducted under this section. The report shall be sub-*  
 4 *mitted not later than 12 months after the date of the enact-*  
 5 *ment of this Act.*

6   **SEC. 606. NATIONAL FLOOD INSURANCE FUND.**

7       (a) *AVAILABILITY OF FUND FOR INCREASED ADMINIS-*  
 8 *TRATIVE AND OPERATIONAL RESPONSIBILITIES.*—*Section*  
 9 *1310(a) of the National Flood Insurance Act of 1968 (42*  
 10 *U.S.C. 4017(a)) is amended—*

11           (1) *in the matter preceding paragraph (1), by*  
 12 *inserting “(except as otherwise provided in this sec-*  
 13 *tion)” after “without fiscal year limitation”; and*

14           (2) *by inserting after paragraph (5) (as added*  
 15 *by the preceding provisions of this Act) the following*  
 16 *new paragraphs:*

17           “(6) *for assessment and mapping of erosion haz-*  
 18 *ard zones under section 1360(j), except that the fund*  
 19 *shall be available for the purpose under this para-*  
 20 *graph in an amount not to exceed an aggregate of*  
 21 *\$25,000,000 over the 6-year period beginning on the*  
 22 *date of the enactment of the National Flood Insurance*  
 23 *Reform Act of 1994;*

24           “(7) *for the revision and updating of erosion*  
 25 *hazard zones under section 1360(j)(8), except that the*

1        *fund shall be available for the purpose under this*  
 2        *paragraph in an amount not to exceed \$2,000,000 in*  
 3        *each fiscal year beginning after the expiration of the*  
 4        *6-year period beginning on the date of the enactment*  
 5        *of the National Flood Insurance Reform Act of 1994;*  
 6        *and”.*

7        *(b) SEPARATE ACCOUNT.—Section 1310(a) of the Na-*  
 8        *tional Flood Insurance Act of 1968 (42 U.S.C. 4017(a)) is*  
 9        *amended—*

10                *(1) by striking “is authorized to” and inserting*  
 11                *“shall”; and*

12                *(2) by inserting after “which shall be” the follow-*  
 13                *ing: “an account separate from any other accounts or*  
 14                *funds available to the Director and shall be”.*

15        **SEC. 607. EFFECTIVE DATES OF POLICIES.**

16        *(a) 30-DAY DELAY.—Section 1306 of the National*  
 17        *Flood Insurance Act of 1968 (42 U.S.C. 4013), as amended*  
 18        *by the preceding provisions of this Act, is further amended*  
 19        *by adding at the end the following new subsection:*

20                *“(c)(1) Except as provided in paragraph (2), coverage*  
 21        *under a new contract for flood insurance coverage under*  
 22        *this title entered into after the date of the enactment of the*  
 23        *National Flood Insurance Reform Act of 1994, and any*  
 24        *modification to coverage under an existing flood insurance*  
 25        *contract made after such date, shall become effective upon*

1 *the expiration of the 30-day period beginning on the date*  
2 *that all obligations for such coverage (including completion*  
3 *of the application and payment of any initial premiums*  
4 *owed) are satisfactorily completed.*

5       “(2) Coverage under a flood insurance contract for  
6 newly constructed property and coverage for newly acquired  
7 property, that is obtained before or upon the completion of  
8 the construction or transfer of title to the property, as appli-  
9 cable, shall become effective at such time as the Director  
10 shall by regulation provide.”.

11       (b) *STUDY.*—The Director of the Federal Emergency  
12 Management Agency shall conduct a study to determine the  
13 appropriateness of existing requirements regarding the ef-  
14 fective date and time of coverage under flood insurance con-  
15 tracts obtained through the national flood insurance pro-  
16 gram. In conducting the study, the Director shall determine  
17 whether any delay between the time of purchase of flood  
18 insurance coverage and the time of initial effectiveness of  
19 the coverage should differ for various classes of properties  
20 (based upon the type of property, location of the property,  
21 or any other factors related to the property) or for various  
22 circumstances under which such insurance was purchased.  
23 Not later than the expiration of the 6-month period begin-  
24 ning on the date of the enactment of this Act, the Director

1 *shall submit to the Congress a report on the results of the*  
2 *study.*

3 ***SEC. 608. REGULATIONS.***

4 *The Director of the Federal Emergency Management*  
5 *Agency, the Secretary of Housing and Urban Development,*  
6 *and any appropriate head of any Federal agency may each*  
7 *issue any regulations necessary to carry out the applicable*  
8 *provisions of this Act and the applicable amendments made*  
9 *by this Act.*

10 ***SEC. 609. RELATION TO STATE AND LOCAL LAWS.***

11 *This Act and the amendments made by this Act may*  
12 *not be construed to preempt, annul, alter, amend, or exempt*  
13 *any person from compliance with any law, ordinance, or*  
14 *regulation of any State or local government with respect*  
15 *to land use, management, or control.*

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